

CONFIDENTIAL



10 DOWNING STREET

*W. Spence*  
c. HMT  
HO  
TRANSPORT  
DHSS  
D/M  
CDL  
CPRS  
MR INGHAM  
MR VEREKER

From the Private Secretary

15 September 1982

*Dear Richard,*

Railway's Pay and Productivity

The Prime Minister was grateful for your Secretary of State's minute of 13 September about the recommendations of the McCarthy report. Thank you too for your letter of 13 September to me with which you enclosed a copy of the report.

The Prime Minister considers that the 6% pay offer recommended by McCarthy, even though it would come into effect half-way through the year, is much too high for an industry making such substantial losses as British Rail is, and in which so much industrial action has been taking place. The Prime Minister considers that the 6% should be offered only if the NUR and ASLEF have given specific agreement on the outstanding productivity points, and after the details have been settled in the Rail Staffs Joint Council. The Prime Minister hopes that your Secretary of State will make the Government's position on this matter clear to Sir Peter Parker.

I am sending copies of this letter to the Private Secretaries to members of MISC 80, Richard Hatfield (Cabinet Office) and Gerry Spence (CPRS).

*Yours sincerely,*

*Michael Schuster*

Richard Bird, Esq.,  
Department of Transport.

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*AS*

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MR. SCHOLAR

Prime Minister

①

cc. Mr. Mount  
Mr. Ingham

Agree I write as at X?

MCS 14/9

BR: The McCarthy Award

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(attached)  
Report  
(attached)

Mr. Howell's note of 13 September summarises the latest <sup>state</sup> decisions of the McCarthy Tribunal. I do not suggest that the <sup>to that</sup> Prime Minister look at the Tribunal's Report itself, but it <sup>done</sup> may be helpful if I outline the main features, since (as always with McCarthy) an understanding of some of the small print is necessary in deciding how to handle the Report.

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Productivity

McCarthy takes the disputed productivity items first, and briefly the position is as follows:

- (1) Open stations. The Board and unions agree that progress is satisfactory with open station experiments, and McCarthy merely comments that the 1981 commitments have been met by the unions concerned.
- (2) Flexible rostering. Here, of course, both ASLEF and NUR have now agreed to operate flexible rosters, but because ASLEF have not joined NUR in a commitment to persuade their staff to make the new arrangements work, BR have not yet agreed to the 39-hour week for ASLEF members. McCarthy says that BR should do so without delay.
- (3) Single manning of certain freight trains. BR is seeking trials, and agreement by the unions to the dates and services affected. The NUR maintain that the 1981 agreement was only to "an examination to establish the circumstances" in which single manning might apply, and that they had delivered that. McCarthy says that the NUR should now agree to three pilot schemes; and

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/that

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that the detailed working arrangements for them should be agreed in the Railway Staffs Joint Council (RSJC), of which more below.

- (4) Single manning of certain passenger trains, notably Bedford-St. Pancras. In the summer BR offered a compromise of a split service on the Bedford-St. Pancras line, partly single manned. They have now withdrawn that and seek single manning for the whole service. The NUR's position is that the 1981 agreement was only to discussions, and that they have their own proposals to make. Here McCarthy is unequivocal: the NUR proposals are too expensive, and involve 83 extra staff: there is no point in further experiments. The NUR must therefore accept a driver only operation on Bedford-St. Pancras, with the details to be settled in the RSJC. Surplus guards should be retained for six months.
- (5) Manning of traction units (i.e. engines). This is a complex area where BR are seeking more efficient working practices, including some single manning, and have asked for "a negotiated agreement". BR appear to recognise that there is some way to go before such an agreement can be reached, and McCarthy concludes that the unions should accept the need for serious discussions, through the normal negotiating machinery with a strict 30-day timetable.
- (6) The train man. The Board have consistently maintained that this is a matter for discussion between ASLEF and the NUR; McCarthy agrees and calls for implementation within three months.

/Those

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Those are the items left over from the 1981 settlement; in addition, the Board is now seeking further major changes - adjustments to the passenger timetable, reallocation of work between depots and administrative economies. McCarthy comments that these have not yet worked their way through the normal negotiating machinery and that the RSJC therefore cannot pronounce upon them.

#### Pay

Before the industrial action of last July, BR had offered a 5 per cent pay increase as from 6 September, provided no further revenue was lost through strikes. After the strike, they told the Tribunal that they could afford only a pay increase at a lower level than that, and provided that there was a commitment by the unions to the 1981 productivity deal. McCarthy awards 6 per cent as from 6 September, together with an extra day's holiday; and he makes no link with the productivity items, although he does - paradoxically - strongly recommend that further productivity deals should make any link with pay "clear and unambiguous".

#### Assessment

This is much the clearest and most convincing of the various McCarthy awards I have seen - the passage on the financial background, in which McCarthy accepts that the loss of revenue from the strikes (75 per cent of total revenue losses) is not recoverable from the Government, is particularly good - but it contains familiar weaknesses. First, the absence of conditionality as between the pay and productivity provisions enables the unions to claim the first without delivering on the second. Second, the dead hand of the railway negotiating machinery rests heavily upon the productivity recommendations, since, as we know only too well, disagreement in the RSJC leads inexorably back to the RSNT and McCarthy.

In the light of that, I have tried to clarify with the Department of Transport what is meant by Sir Peter Parker's /reported

reported determination "to take productivity in advance of pay". I understand that he wants to be clear that there are both agreements and timetables for the trials of single manning of freight trains, and for Bedford-St.Pancras, although he accepts that actual delivery of these items may take longer. The key issue here, it seems to me, is whether the <sup>pay</sup> increase is made before or after discussion in the RSJC. If it is before, then the way remains open for continued union prevarication. These are really the only two productivity items still in dispute.

It does seem, therefore, that the Board's initial reaction is somewhat less than totally robust. I find it surprising that they have not vigorously objected to the failure to make the pay/productivity link, and that they have not pointed out that the pay award itself is higher than what they said they could afford even before the strike. Why should the unions be given 6 per cent for delivering what they promised last year when they got 11 per cent? If the Prime Minister agrees, I suggest you might reply to Mr. Howell's office to the effect that she hopes that he will leave Sir Peter Parker in no doubt that:

- (a) At Six per cent, even halfway through the year, is much too high for an industry making such substantial losses, and in which so much industrial action has been taking place;
- (b) ~~so~~ it ~~should~~ be offered only if the NUR and ASLEF have given specific agreement on the outstanding productivity points, and after the details have been settled in the RSJC;
- (c) and if the unions start to raise any objections at all to the delivery of the outstanding productivity points, there should be no question of a pay offer as high as 6 per cent.

*One point*

14 September, 1982

J. M. M. VEREKER

Prime Minister

THE RAILWAYS - PAY AND PRODUCTIVITY

The recommendations of the Railway Staffs National Tribunal (RSNT) under Lord McCarthy, published today, are not binding. If accepted they would give a pay increase of 6% from this month i.e. nearly half way through the pay year and so equivalent to less than 4%; they would commit the NUR to the operation of the Bedford-St Pancras electric trains, and of a number of freight trains, without guards; and they would provide for some progress on other outstanding items, affecting ASLEP.

Although the RSNT have not made any direct and clear link between delivery of productivity and payment of a pay increase, the Railways Board have concluded, rightly in my view, that it would not be wise to reject these recommendations out of hand. If this year's pay increase can be held to what the RSNT have recommended, then that would avoid the risk of any damaging repercussions on other fronts. The NUR are committed to recall their Annual Conference to consider the recommendations - probably round about 12 October - and what the RSNT has said should help Sidney Weighell to get the right conclusions from the Conference about eliminating guards from Bedford-St Pancras and from freight trains.

The lack of a clear link between productivity and pay is the point of greatest difficulty and I have agreed with Sir Peter Parker that his objective must be to re-establish so far as possible the very strong position he had built up of making one conditional upon the other. As the Board develop their tactics for handling the McCarthy Report with this objective, they will be stressing that it is vital to take productivity in

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advance of pay, and they will be seeking to establish clear timetables for delivery by ASLEF on the matters which McCarthy has fudged.

I shall be keeping in close touch with Sir Peter Parker, but I do not think there is any further steer we need give him at this stage. So far as we need to take any public position, it should be to emphasize the correctness of the Board's approach that pay cannot be separated from productivity.

I am sending copies to the members of MISC 80, Sir Robert Armstrong and Mr Sparrow.

*DA*

DAVID HOWELL  
13 September 1982

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NBPM at pr

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DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Michael Scholar Esq  
Private Secretary to the  
Prime Minister  
Downing Street  
LONDON SW1

13 September 1982

Dear Michael,

I attach as promised a copy of Lord McCarthy's Report on  
BR pay and productivity which is issuing today.

*copies in attached folder*

I am copying this to the Private Secretaries to the  
members of MISC 80 and to Sir Robert Armstrong and Mr Sparrow.

Yours sincerely,  
Richard Bird

R BIRD  
Private Secretary



# RAILWAY STAFF NATIONAL TRIBUNAL

DECISION No 78

Claim by the National Union of Railwaymen, Transport Salaried Staffs' Association and Associated Society of Locomotive Engineers' and Firemen for a substantial increase in salaries and conditions of service for all salaried, footplate and other conciliation staff.

September 1982

## BRITISH RAILWAYS

### RAILWAY STAFF NATIONAL TRIBUNAL

#### INTRODUCTION

1. The Railway Staff National Tribunal (RSNT) is established under Part VI of the Appendix to the Memorandum of Agreement dated 28 May 1956, known as the 'Machinery of Negotiation for Railway Staff 1956', between the British Transport Commission (now the British Railways Board) (BRB) of the one part, and the National Union of Railwaymen (NUR), the Associated Society of Locomotive Engineers and Firemen (ASLE&F) and the Transport Salaried Staffs' Association (TSSA) of the other part.

2. The function of the RSNT is to hear and decide, in respect of employees to whom the Machinery of Negotiation is applicable, issues as to standard salaries, wages, hours of duty and other standard conditions of service, which have been agreed or decided in the prescribed manner to be issue of major importance and which have been previously considered by the Railway Staff National Council (RSNC).

3. The following constituted the RSNT during consideration of the present case:-

Lord McCarthy MA DPhil	-	Chairman
E F Choppen, Esq	-	nominated by the BRB
G H Doughty, Esq	-	nominated by the Railway Unions

4. The Machinery of Negotiation provides that at the desire of the parties to the issue the RSNT may be assisted by representatives of the parties sitting as Assessors. On the present occasion, the Assessors were:-

BRB	-	J Palette, Esq
NUR	-	W Fordham, Esq
ASLE&F	-	D Fullick, Esq
TSSA	-	J Mills, Esq

5. Under the procedure laid down in Part VI of the Machinery of Negotiation, the parties forwarded terms of reference to the RSNT.

6. The terms of reference were:-

(1) SUBMITTED BY THE NATIONAL UNION OF RAILWAYMEN

"To ask the Railway Staff National Tribunal established under Appendix Part VI of the agreement in regard to the Machinery of Negotiation for Railway Staff dated, 28 May 1956, to consider under paragraph 65(b) the claim of the NUR for a substantial increase in wages and salaries, a reduction in standard working hours and an increase in holiday entitlement for all railway staff.

The RSNT to consider the application against the background of the understandings given by the British Railways Board and the Unions in the 1980 and 1981 pay settlements, the 1981 ACAS Understandings, and the tripartite discussions between the BRB, the Railway Unions and the Government under the auspices of the British Rail Council, and to make an award".

(2) SUBMITTED BY THE TRANSPORT SALARIED STAFFS' ASSOCIATION

"To ask the Railway Staff National Tribunal, established under Appendix Part VI of the Agreements in regard to the Machinery of Negotiation for Railway Staff, dated 28 May 1956, to consider under paragraph 65(b), the claim of the Transport Salaried Staffs' Association for a substantial improvement in salaries and conditions of service of Salaried Staff employed by the BRB and to make an award".

(3) SUBMITTED BY THE ASSOCIATED SOCIETY OF LOCOMOTIVE ENGINEERS & FIREMEN

"To ask the Railway Staff National Tribunal, established under Appendix Part VI to the Agreement in regard to the Machinery of Negotiation for Railway Staff, to consider under Paragraph 65(b) the Claim of the Associated Society of Locomotive Engineers and Firemen 'for a substantial percentage increase in the basic rates of pay of ASLE&F member grades employed by the British Railways Board, completely separate and apart from any productivity initiatives and to make an award'".

7. The RSNT heard the parties on 3 and 4 August 1982. Submissions were made for NUR by Mr S Weighell, for TSSA by Mr T Jenkins, and for ASLE&F by Mr R W Buckton, Mr J G Urquart replied on behalf of BRB.

#### BACKGROUND

8. Agreement could not be reached between BRB and the three rail unions in relation to the pay year commencing April 1981. As a result the three rail unions placed the problem before the RSNT. In decision No 75 the RSNT awarded:-

- (i) Rates of pay for all grades covered by this reference should be raised by 8% from 20 April 1981.
- (ii) A further increase of another 3% on the rates prevailing on 19 April 1981 should be paid to all grades from 1 August 1981.
- (iii) The Minimum Earnings Level should be raised by 15% from 20 April 1981.
- (iv) The London Allowance should in future be calculated on the basis of the formula agreed between the parties in 1974 - ie following the publication of the Pay Board Report. Payment on this basis should begin from 1 July 1981.

9. The BRB reaction was that it could not find the money to pay the award unless there were some savings by increased productivity.

10. To settle the issue between BRB and the three rail unions it was decided to seek assistance from the Advisory, Conciliation and Arbitration Service (ACAS). Discussions at ACAS took place on 18, 19 and 20 August 1981 at the end of which two separate understandings were signed by BRB and the three rail unions. One on productivity (details are given in Appendix A) committed the parties to complete discussions by given target dates on the open station concept, manning of passenger trains, variable rostering

hours within limits to be negotiated, easement of conditions for single manning of traction units, manning of freight trains and the trainman concept. The second understanding in relation to pay provided for (1) the payment of an 8% increase in pay from 1 April 1981 (2) a further 3% increase in pay from the beginning of January 1982 retrospective to 3 August 1981 (3) deferment of the introduction of the shorter week from 1 November 1981 until the beginning of January 1982. The understandings reached in the discussions at ACAS were endorsed as agreements at a meeting of the RSNC on 27 August 1981.

11. The defined target date for agreement on variable day rostering was 31 October 1981 to facilitate the introduction of the shorter working week from 4 January 1982. Negotiations on variable day rostering commenced in each Section of Railway Staff Joint Council, were completed in December for Traffic Staff. Six meetings were held of the Railway Staff Joint Council (Locomotive Section) (RSJC Loco) between 2 September 1981 and 30 November 1981 but the target date was overrun without any agreement being reached.

12. Following the 30 November meeting at which there was a recorded failure to agree, an RSNC meeting was held on 2 December. At this meeting there was a recorded failure to agree on the method of implementing the shorter week for footplate staff. The Board endeavoured to arrange a return to ACAS under the terms of the August understanding, but this was unsuccessful.

13. On 23 December 1981 the BRB wrote to the ASLE&F and NUR notifying them that for those staff covered by the RSJC (Loco) they would not introduce the shorter week from 4 August 1982 nor would they make payment of the additional 3% increase in wages.

14. As a result of this decision by the BRB the ASLE&F took industrial action.

15. Talks at ACAS on 19, 22 and 26 January 1982 failed to resolve the dispute between BRB and ASLE&F. The Chairman of ACAS announced on 2 February 1982 the setting up of a Committee of Inquiry. After taking written and oral submission from BRB, NUR and TSSA on

9, 10 and 11 February 1982 the Committee made certain recommendations. ASLE&F, although invited to do so, made no formal submission to the Committee and were not represented at the hearings. The Committee's summarised recommendations were as follows:-

"Para 113.

- (1) The ASLE&F should confirm its continued commitment to the understandings of August 1981 as endorsed by the RSNC - in specific terms sub-paragraph 2(c) of the productivity understanding and paragraphs 2 of the understanding on pay.
- (2) The parties should agree to procedure for dealing with the way in which sub-paragraph 2(c) of the productivity understanding is to be applied to locomotive grades. This should take the following form:-
  - (i) There should be a meeting of the RSJC (loco) within seven days to consider the Board's proposals to implement sub-paragraph 2(c). Unless agreement is reached within seven days, or the RSJC (Loco) agrees to extend the period, a failure to agree should be recorded at a meeting of the RSNC held within a further two days.
  - (ii) Unless, at the meeting of the RSNC agreement is reached, or the RSNC agrees to extend the period, reference should be made to the RSNT. This reference should take preference over all other outstanding references.
  - (iii) Unless there is agreement to extend the period of consideration by either RSJC (Loco) or the RSNC, the parties should agree to a hearing before the RSNT on one of the following dates:- 15, 16 or 19 March 1982.

- (iv) Reference to the RSNT should be by the use of either Paragraph 65(a) or 65(b) of the Machinery. If it is not possible to secure agreement for the use of binding arbitration, the parties hold agreement to abide by the more customary procedure under Paragraph 65(b).
- (v) The terms of reference for the RSNT should be as follows:-

"To ask the Railway Staff National Tribunal, established under Appendix, Part VI, to the Agreement in regard to the Machinery of Negotiation for Railway Staff, dated 28th May 1956, to consider under paragraph 65(a) (b) the proposals of the British Railways' Board for the implementation of sub-paragraph 2(c) of the 1981 Productivity Understanding to footplate staff and to award".

- (3) As soon as the procedure is agreed the ASLE&F should agree to call off all forms of industrial action. At the same time the Board should implement paragraph 1(ii) of the 1981 Pay Understanding.
- (4) On the publication of our report the Chairman of ACAS should bring the parties together to assist the parties to draw up and agree the terms for its implementation.

16. Following talks at ACAS on 17/18 February 1982 the recommendations of the Committee of Inquiry were accepted by BRB and the three rail unions. At a meeting of the RSJC (Loco) on Thursday 25 February 1982 BRB and ASLE&F recorded a failure to agree on the Board's proposals for the implementation of sub-paragraph 2(c) of the 1981 Productivity Understanding. A failure to agree was also recorded at a meeting of the RSNC on Monday 1 March 1982. The problem was referred to RSNT in accordance with the Committee of Inquiry's recommendation in paragraph 113(2)(ii) of its report.

17. In Decision 77 the RSNT recommended the acceptance by ASLE&F of flexible rosters between 7 and 9 hours subject to a list of 13 safeguards being agreed between the BRB and ASLE&F.

18. ASLE&F declined to accept the RSNT recommendations and when BRB decided to impose the flexible rosters on footplate staff the ASLE&F members took industrial action.

19. On 1 March the Trade Unions presented claims at Railway Staff National Council for general pay increases and condition changes to be effective from 19 April 1982. In response the BRB said that before any improvement could be made in pay in 1982 the Board insisted that the negotiations on the Productivity Agreement of 1981 must be satisfactorily completed.

20. Providing negotiations on the Productivity items contained in the 1981 Productivity Agreement had been completed by 30 July 1982 the Board was prepared to improve rates of pay by 5% with effect from 6 September 1982. In addition the Minimum Earnings Allowance would be increased by 5% from the same date for the grades concerned with the exception of staff aged 18 and 19 for whom it would remain at the existing level. No changes in conditions could be agreed.

21. The Board was only able to sustain the increase in pay providing a full and continuous service to customers was maintained. Disruptions to services would prejudice the Board's financial position and in the event of industrial action the offer was to be withdrawn.

22. The reaction of all three Trade Unions was unfavourable and each Union Executive Committee advised rejection of the offer. The NUR advised further that a strike would be called from 28 June 1982.

23. The NUR strike action was suspended from 29 June by the Union's Annual General Meeting, but ASLE&F then took strike action (on the issue of flexible rostering) from 5 July to 18 July 1982. Because of these strikes BRB formally withdrew their 5% offer. The three Rail Unions submitted the disagreement on pay to the RSNT on three different terms of reference. These were noted but not agreed by the Board.



MAIN POINTS OF THE SUBMISSION BY THE NATIONAL UNION OF RAILWAYMEN

24. In the NUR's view the financial framework within which the Board had to operate was at the heart of the current problems affecting the railways. In particular, the failure to provide adequate Public Service Obligation finance in recent years had imposed a double burden: on staff, in the form of deteriorating pay and conditions and on the infrastructure in the form of inadequate investment by reducing the essential replacement of track, locomotives and rolling stock. The need for increased investment and a relaxation of external financial constraints had long been accepted by the Board. Recent statements by Government Ministers had also recognised the need to match productivity improvements with investment. However, nothing had been done to provide the finance necessary - indeed, if anything, the Board had been placed under increased financial pressures.

25. The need for an adequate level of finance, as well as being of importance in itself, could have a powerful effect within the industry. If railway workers could see a firm commitment to the future of the industry, if they could see approval of major electrification schemes and other investment proposals, they would have greater confidence in the future of the industry and be more amenable to changes in the industry.

26. In recent years there had been a continuing process of wide-ranging change on the railways: during the past 30 years staff numbers had fallen from just under half a million to 166,000. New techniques and equipment had been introduced and working practices had changed. Recent years had seen a large-scale rationalisation of freight marshalling yards, withdrawal from the collection and delivery of parcels and reductions in passenger train mileage etc. As a result, 15,500 posts had been eliminated between April 1980 and April 1982 with a total saving of £74 million - nearer £100 million when overtime and overheads were taken into account - and numbers were continuing to fall at the rate of 1,000 a month.

27. The NUR submitted that, throughout this process of change it had adopted a responsible attitude - showing a willingness to consider changes in the structure of the business and in working practices. It had been delivered on all commitments made and agreements reached and remained prepared to continue discussions with the British Railways Board. However, it could only retain its members' commitment to change and to taking the long-term view if the Board took action to provide adequate rewards and working conditions. The 1979 Railwaymen's Charter had made the position clear: this had recognised the need to improve efficiency and the competitiveness of the business. It had also pointed to the falling living standards of members and the growing gap in conditions of service between the railways and other comparable industries. The price for change, therefore, was to be improved terms and conditions, security of employment and the maintenance of the existing railway system.

28. The link between productivity and improved terms and conditions had been a central feature of the 1980 pay negotiations: Clause 2 of the final agreement described the productivity commitments as being ..... "given on the understanding that account will be taken of savings achieved in making further improvements to pay and conditions".... However, the Board's response had been disappointing. They had failed to keep their promises to use savings to bring real improvements to pay and conditions: NUR members generally had seen nothing of the staff savings of over £100 million made since the 1980 pay settlement.

29. Against the background the BRB's offer of 5% from September 1982 had been totally unrealistic. It involved a substantial cut in real living standards and was tied to acceptance of the Board's proposals on changed working practices. And yet the productivity understandings agreed under the auspices of ACAS had not been that the BRB's proposals would be accepted in their entirety - provision had been made for negotiation.

30. The NUR's view was that it had adopted a positive attitude on all six understandings. Variable rostering had been accepted in December 1981. Pilot schemes for open stations had been introduced.

As for the manning of passenger trains and the Bedford/St. Pancras/Moorgate service, the NUR had made proposals for modifying the guard's role by laying greater emphasis on revenue protection and customer service. The question of the single manning of traction units had been dependent on progress being made on the issue of variable rostering. Aggregate and continuous driving time and the rostering of physical needs breaks were still the subject of negotiation - which the Union was pursuing in good faith. As to the manning of freight trains, the "joint examination" of possible pilot exercises was proceeding. Finally, on the trainman concept, some positive progress had been made at joint Trade Union meetings during 1981. Unfortunately, the issue of flexible rosters - now resolved - had delayed matters.

31. The NUR had presented the Board with a chart which linked four of the ACAS understandings - open station concept, manning of passenger trains, manning of freight trains and trainman concept - in a new pay and grading structure. The Board had failed to pick up this NUR challenge at any stage.

32. The NUR submitted that it had conducted serious negotiations with an intent to reach agreement within the spirit of the understandings. Progress had been more rapid in some areas than in others - but in the difficult area of working practices and manning agreements this was to be expected as the BRB themselves had recognised in their 1981-1985 Corporate Plan. Despite the progress achieved, the BRB's attitude on pay throughout the 1982 negotiations had remained intransigent.

33. There was a clear case for a substantial pay increase. Despite BRB's recognition of its obligation to protect the living standards of its employees, since 1975 the real value of railwaymen's pay had continued to decline. Increases of the order of 27-36% on basic rates were now required to restore their 1975 values. In terms of the movement of wage rates in the economy as a whole over this period, there was a shortfall of 23-32%. NUR also advanced detailed comparisons of railwaymen's earnings with those of other industries in both the public and private sectors - these, the Union argued, clearly showed the substantial relative decline in railway earnings over the period. Although the Board had repeatedly acknowledged that railwaymen's earnings had fallen behind, nothing

had been done to remedy the situation. Nor had last year's RSNT award done anything to restore rates of pay to their earlier value.

34. As a result railwaymen were fast becoming the lowest paid of the low paid. Not only staff on the Minimum Earnings Level (MEL) but also signalmen, technicians and guards and other staff in highly responsible positions fell within the classification 'low paid' on the most frequently used definition - two-thirds of average earnings. NUR also produced calculations to show that the take-home pay of a railwayman on MEL could be over £11 below the supplementary benefit level. The problem of low pay, however, was not confined to the lower grades. Signal and Telecommunication staff, in respect of whom direct comparison could be made with British Telecommunications, had also fallen considerably behind.

35. NUR also advanced detailed statistics on current wage settlements in both the public and private sectors of industry in support of its contention that BRB's 1982 offer had been grossly inadequate. Given that railwaymen had seen their standard of living decline by over 25% in the past seven years they could not be expected to accept the cut in real wages which an offer of 5% from September 1982 represented - against an annual rate of inflation (April 1982) of 9.4%.

36. At the same time there was scope for improvement in conditions of service in terms of hours and annual leave. Although the 39 hour week had been implemented from January 1982, other public sector employees already worked shorter hours and there was evidence to suggest that the normal basic week for manual workers would go down to 38 or 37 hours in the near future. There was also a similar trend towards increased annual leave - with 92% of manual workers enjoying a basic leave entitlement of 4 weeks or more. By 1983, when workers employed in engineering and metal manufacture became entitled to five weeks leave a substantial minority of manual workers would be on annual leave of five weeks or more.

37. The NUR were looking for an award from the Tribunal which:

- (1) condemned the Government for failure to provide finance promised the industry;
- (2) condemned the Board for failure to fulfil their commitment to use savings in the industry to bring real improvements in pay and conditions;
- (3) insisted that the Board immediately enter negotiations, separate from the annual pay negotiations, to use the labour savings that had already been achieved to produce real improvements in railwaymen's pay and conditions;
- (4) endorsed the positive approach taken by the NUR to the ACAS understandings on productivity;
- (5) required the Board to enter negotiations with a view to the abolition of the Railman rate by the end of 1982;
- (6) provided for the introduction of the 38 hour week from January 1983 with a view to achieving the 35 hour week, in stages, by January 1986;
- (7) provided for five weeks leave for all railway staff with more than twelve months' service from the 1983 leave year;
- (8) provided for a pay increase from 19th April 1982 which matched the increase in the cost of living in the year to April 1982 and which was not tied to discussions on productivity;
- (9) set a timetable for restoration of the real value of 1975 rates of pay.

MAIN POINTS OF THE SUBMISSION BY THE TRANSPORT SALARIED STAFFS' ASSOCIATION

38. The TSSA was seeking an increase in salaries plus improved annual leave and a reduction in hours of duty.

39. The Association claim was based; on the increase in the Retail Price Index, the rise in the Tax and Price Index, the rise in the Average Earnings Index for the whole economy over the most recent 12 month period for which figures were available, recent settlements in other industries and savings from reductions in staff numbers within the railway industry.

40. BRB had replied that there was no evidence that rail wages had dropped behind in the general field of salary increases and earnings in the last two years and due to the serious financial position of the Board because of the recession and the industrial action earlier in the year by ASLE&F they were not able to make an offer in line with the increase in the RPI. Annual leave could not be improved because each additional days leave was equivalent to 0.45% of paybill costs. Further a reduction in the working week was ruled out because the reduction to 39 hours per week had not been implemented in respect of footplate staff.

41. BRB had acknowledged that over the last 2 years there had been a considerable reduction in staff numbers but before an offer could be made for 1982 the August 1981 productivity deal had to be concluded by 31 July 1982.

42. All three unions rejected the Board's eventual offer of 5% from 6 September 1982 equated to 3.08% in the full pay year to April 1983. MEL was to be increased from the same date with the exception of staff at age 18 and 19. The offer was conditional on the 1981 productivity items being subject to satisfactory progress.

43. TSSA had warned the Board about the problems of unilateral action rather than agreement by negotiation. It was acknowledged that TSSA had delivered on productivity items but its members could

not receive a pay increase until all six items were progressed. The TSSA Executive decided the Board had rejected the pay claim and asked for the issue to be referred to RSNT.

44. The traditional anniversary date for pay in 1982 was the 19 April 1982. At that time the cost of living as measured by the detail Prices Index had increased by 10.4% based on the movement between the March 1981 and March 1982 indices.

45. On a similar basis the relevant figures for the Tax and Prices Index was an increase of 13.7%. In addition the New Series Average Earnings Index, as measured over the whole economy rose by 11%.

46. Wage settlements in outside industries included the miners settlement worth 9.3% over the twelve months, British Telecom 10%, Fire Service 10.1% and the Police 13.1%. Pay settlements reported in Incomes Data Services since November 1981 recorded the varying levels of settlements in industry at large. There were many settlements below 7% but it also showed a reasonable number of settlements of 7% and above. Many of these settlements also contained adjustments to either hours of duty or improved annual leave. BRB claimed an additional day's leave was worth 0.45% and a reduction of one hour from a 40 hour week was worth 2.5%. Clearly, many of the settlements were worth more than the actual percentage increase in rates of pay.

47. The TSSA claim on hours of duty was for a 35 hour 5 day week. Figures produced by TSSA of comparable undertakings showed many instances where non-manual staff had a standard working week of less than the 37 hours obtaining on BR. With a significant number of major employers where conditions were superior to those enjoyed by BR Salaried Staff.

48. The TSSA claim in respect of annual leave was for 4 weeks leave up to 10 years service, 5 weeks after 10 years service up to 15 years service and 6 weeks leave for staff with 15 years or more years of service. Figures produced by the Association outlined many instances where the basic entitlement was superior to the maximum

entitlement of BR Salaried Staff and demonstrated that a significantly superior leave entitlement could be earned on top by virtue of service within the industry.

49. On the Minimum Earnings Level the Association was completely opposed to the exclusion of the 18 and 19 year age group. The MEL was still in certain cases below the level of qualification for Family Incomes Supplement. One of the examples quoted was that of a married man with two children who qualified for FIS if in receipt of a salary below £82 pw or £4,278 per annum. The maximum of the Clerical Officer Grade 1 was £3,996 per annum - £282 per annum or £5.40 pw. below the level of income considered adequate by the Government.

50. The financial position of BR set out in the 1981 Annual Report recorded an operating surplus, before interest, of £38.3m. Interest and other financial charges were partially offset by extraordinary items but nevertheless turned it into a group loss of £37.2m after transfers to reserves.

51. The recession caused a reversal of the increase in passenger carrying each year since 1978 and 1981 reflected a substantial fall back.

52. Freight business had been similarly affected by the recession; resulting in the withdrawal of the Collected and Delivered Business.

53. Within the group in 1981 there was 63,817 Salaried Staff, a reduction of 4.8% or 3,207 from the 1980 total of 67,024. In 1981 within the railway activity there were 48,158 Administrative, Technical and Clerical Staff. That figure was 2,008 below the 1980 figure of 50,166 a reduction of 4%. The salaried staff had borne a fair share of the staff reductions.

54. The total support for the industry from Government, EEC and other sources was £879m in 1981. Expressed as a proportion of the Gross Domestic product it was 0.29% for British Rail in 1980; considerably less than the figure of 0.81% for the average of 8 European Railways.



55. The Chairman of British Rail claimed in the Commentary to the 1981 Annual Report that by international comparison BR was the most cost effective major railway in the world.

56. At the start of 1982 the industry was faced with serious financial problems and was particularly hard hit by the recession. Progress was made in cutting costs and implementing measures in an orderly and progressive manner. Since then it had suffered a series of one day strikes by ASLE&F members, an all out strike of 2 days by NUR members and a further prolonged stoppage over 14 days by ASLE&F members which had resulted in an estimated Group Trading Loss of £135m to £145m in 1982.

57. The first series of ASLE&F strikes was brought about by the BRB's own action of reneging on an agreement freely reached by failing to pay the 3% to footplate staff. It was highly likely that the £88m loss arising from the first series of ASLE&F strikes would not have occurred if BRB had adhered to a freely negotiated settlement.

58. The TSSA was well aware of the crucial need for increased investment in the railway industry but actual investment had been going down very sharply over the past two years as shown:-

	£m				
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Authorised Investment Ceiling	382	382	387	398	398
Total Group Expenditure	351	379	366	310	265
Railway Expenditure	279	290	309	263	242

59. The lack of investment would result in 3,000 miles of track being withdrawn from traffic with 800 miles of track carrying speed restrictions. Matters were made worse by Government procrastination in regard to further railway electrification. In TSSA view there was an urgent need to review the External Finance Limit and the Public Service Obligation Grant with substantial increased finance by Government.

60. What BRB were saying to TSSA members who they admitted had been fully productive over the years was that despite their productivity they could have little or nothing in 1982 because of problems with other groups.

61. TSSA had not ignored productivity and the claim was a realistic one. The Tribunal was asked to support the claim.

#### MAIN SUBMISSION POINTS OF THE ASSOCIATED SOCIETY OF LOCOMOTIVE ENGINEERS AND FIREMEN

62. The ASLE&F claim was for a substantial increase separate and apart from any productivity initiatives. This was wholly consistent with RSNT decision 77 which envisaged that separate rewards would be negotiated for those staff whose responsibilities were directly affected under new arrangements.

63. The case for a substantial increase was justified because of the significant deterioration in footplate staff earnings since the agreement reached at RSNC following the publication of RSNT decision 42 in 1974. That agreement had recognised the skills, responsibility and unsocial nature of duties performed, by introducing rates of pay which placed the locomotive driver in third place in the league table of average industrial earnings. An abbreviated table of selected trades compiled in 1981 showed drivers in eleventh place. The 1981 New Earnings Survey for manual workers generally highlighted the serious decline - drivers were in 34th position - or, if irregular and unsocial hours payments were excluded, 54th.

64. With many footplate staff due to leave the industry, it was essential to improve terms and conditions so as to be able to recruit and retain people prepared to undertake the responsible and arduous duties involved. The Board therefore needed to make an offer, apart from productivity, which would go some way to bridge the gap between the earnings of railway staff and those of workers in other industries.

65. In support of its case, ASLE&F quoted detailed statistics in appendices to its written submission. In contrast to the Board's offer - which amounted to 3.08% for the pay year - the indices of Retail Prices and Taxes and Prices showed much larger increases (9.4% and 9.7% respectively over the twelve months to April 1982). However, such measures understated the real impact of inflation on members, who faced much larger percentage increases in housing costs and in gas, water and rates bills.

66. ASLE&F also submitted detailed calculations showing the increases necessary to restore earnings to their 1975 values. A pay settlement in line with the current movement in the cost of living would clearly only go part of the way to solving the problem of low wages - the shortfall of 1975 values was in the region of 27% - 32%.

67. In relation to the current wage round, details of settlements in other industries were also quoted. As regards the public sector, ASLE&F drew particular attention to the fact that, although there had been an attempt to restrict wage settlements, the agreements which eventually emerged tended to be higher than the Government's norm of 4%. Mineworkers and waterworkers had received 8.6% and 9.1% respectively and firemen and police over 10%. ASLE&F believed that its members performed similarly essential services and therefore deserved similar rewards.

68. ASLE&F did not accept that responsibility for the railways' parlous financial situation should, as the Board had claimed, rest with the workforce. The problem was, rather, one of lack of investment. Railways in other parts of Europe had shown that with greater investment it was possible to improve productivity and service and by so doing attract a greater volume of traffic. In coming to its decision, therefore, the Tribunal should concentrate not on the money currently said to be available but on what it believed to be the correct relative rates of pay as established by the earlier review of railway work because the financial position of the railways had been created by the present Government's attitude to the industry.

69. In conclusion, ASLE&F invited the Tribunal to recommend that the Board should increase pay at least in line with the movement in the Retail Prices Index, with specific rewards for changes in working practices being the subject of separate negotiations.

#### MAIN POINTS OF THE SUBMISSION BY THE BRITISH RAILWAYS BOARD

70. The industry was emerging from a very damaging period of industrial unrest which had cost in the region of £240m in 1982 in addition to the loss of future business and service to customers who had been seriously inconvenienced by unreliable service.

71. The Board could only consider the pay for 1982 in relation to the background of productivity and the financial situation.

72. By comparison the claims of all three rail unions were built on movements in the retail prices index and on national average earnings, on the alleged erosion of railway pay and conditions against improvements in other industries. The unions wanted increases in pay regardless of increases in productivity and took no regard to the Board's ability to pay.

73. Indexation, whether to the RPI or any other formula, could not be accepted by the Board as a means for settling pay. Nor could it accept any particular past point in time as providing the relationship between railway and external pay.

74. In October 1981 BR weekly earnings inclusive of the 3% increase stood at 108 compared with a national index of 100 and BR hourly earnings were equal to the national average, representing a significant relative improvement over the two previous years and disproving any argument that rail pay had fallen back. The relative position was only slightly less favourable than in 1975 and very much better than in October 1973.

75. The fall back in pay argued strongly by the union occurred in 1976 and 1977 as a result of incomes policy limits. Since October 1975 the erosion in rail pay was only 2.8% or 2.9% over the 6 year period to 1981 depending on whether weekly or hourly earnings were used as a measure.

76. Many examples could be quoted of low pay settlements in industry during 1982, including some industries where no increases were being given.

77. The arguments in relation to the Minimum Earnings Level had been rehearsed previously. A larger gap than at present between the lowest rate of pay and MEL was undesirable because of the effect on the promotion structure and neither TSSA nor ASLE&F had supported the idea of the abolition of the Railman grade because of the repercussive effect on other grades.

78. It was necessary for the industry to fight back and that could only be achieved by increased productivity to help withstand competition. BR had only suffered a loss in jobs at the annual rate of 4%, avoided compulsory redundancy and at the same time had 33.2% pay increase in two years.

79. The Serpell Committee of Inquiry had been set up to examine the finances of the railways. It was for the railways to show they were efficient to gain a favourable report on the relevance of railways to the future transport needs of the UK, and the need for substantial investment in modern equipment.

80. The Board recognised the need for the staff to have adequate pay and conditions in order to recruit and maintain a workforce adequate to cover the needs of the industry. The Board was totally dedicated to the long term future of the industry, the investment in electrification and modern equipment. In this area it joined with the trade unions in trying to persuade Government and Society in the wisdom of supporting their objectives.

81. The railway industry was fighting for its life yet the trade union leadership did not understand the stark realities of life by asking for a pay increase of not less than 10.4%, a reduced working week at a cost of 2.5% per hour reduced and increased annual leave which added a further 0.45% for each additional day.

82. Despite the serious financial position which had been made considerably worse by the industrial action the Board had concluded

that an improvement of 5% could be made in pay for 1982 providing the 1981 Pay and Productivity Agreement was completed by the unions. Further industrial action by the unions had meant the withdrawal of the 5% offer, but the Board was still, nevertheless, prepared to consider a pay increase at a lower level providing there was a commitment by the unions on the 1981 deal which in the Board's view had been considerably delayed in its introduction because of the defensive attitudes shown by the unions.

83. Considerable effort had been applied to carrying forward investment items but here again progress had not been as fast as the Board would have liked but they had been carried through within the overall financial constraints set for the industry. The unions had at all times been well informed on the position.

84. Both the NUR and TSSA had argued that it was agreed to monitor economies from changes and take these into account in future pay improvements. It was confirmed that between April 1980 and April 1982 15,510 posts had been withdrawn but of that total only a small proportion was from specific productivity items named in the 1980 agreement. A significant contribution to the total was withdrawal from the collection and delivery of parcels which had been running at a heavy loss. The balance was from good housekeeping and investment, much of the reduction having been delayed by earlier Trade Union bans on consultation.

85. Progress in certain of the six productivity items from the 1981 agreement was more advanced than on the others:-

(1) The open station concept.

An experiment was taking place. Progress was satisfactory.

(2) Flexible Rostering.

Agreement had been reached with the three unions; there was now no problem on this productivity item.

(3) Manning of Passenger Trains.

The Board had at one stage proposed an experimental operation of the St Pancras-Bedford electrified service with guards north of St Albans and no guards south of St Albans. NUR had rejected this proposal and it had been withdrawn by the Board. The Board's current proposal was that there should be Driver Only Operation of the whole service. They had undertaken that the guards currently employed on the line would be re-deployed on revenue collection and other customer duties.

It was the BRB view that the open station concept could not be used on busy commuter services like St Pancras-Bedford where the trains were heavily loaded with stops varying between 2 and 6 minutes.

The alternative proposals put forward by the NUR for retaining the guards would require an additional 83 people compared with the BR proposals. The NUR was the union mainly involved in the productivity item but it was accepted that both TSSA and ASLE&F had an interest in relation to Ticket Inspectors and Train Drivers. BRB had expected this item to be in operation ready for the new time-table in May 1982.

(4) Manning of Freight Trains.

BRB wanted acceptance that there would be trials, together with dates from which the trials would start, on services identified and agreed, with no guard on the trains and the driver actually in charge.

(5) Single Manning of Traction Units.

There had to be acceptance from the unions that there had to be serious discussions with a negotiated agreement. It was a complex issue regarding PN breaks, mileages, hours and the conditions under which trains would be single manned.

(6) Trainman Concept.

This was primarily a problem of inter-union membership for the trade unions to resolve. The Board did not think it appropriate to say how the problem should be sorted out.

86. The comparisons made by the trade unions on annual leave ignored the Board's arrangements which taking into account days associated with public holidays were more generous than in many other industries. The New Earnings Survey shows that the BR holiday arrangements compared very favourably with the general average both for manual and non-manual workers. 90% of the Board's Conciliation staff had an entitlement of four weeks and over compared with 61.6% in industry as a whole and 73% of Salaried Staff were in receipt of 5 weeks and over compared with only 41.2% in industry as a whole.

87. The BRB was asking the Tribunal to award as follows:

- (1) Confirmation that an agreement was reached at ACAS in August 1981 concerning six productivity issues - confirm that that agreement did take place. That these should be negotiated to a conclusion with firm dates of implementation.
- (2) The Trade Unions should agree to co-operate in the further economy measures outlined in the Board's submission, ie reductions in passenger train mileage; re-allocation of workload between train crew depots, adjustment of terminal staffing and accelerated administrative economies.
- (3) Subject to the agreed implementation/endorsement of "what I have just quoted "(a) and (b)" above," that the Board should agree a modest pay award but this must be of less cost than the offer made on 28 May.
- (4) The actual payment of this award - including any back payment to" whatever date may be agreed - "only to be made when the Board is satisfied there is positive evidence of commitment and implementation of the August 1981 ACAS agreement.



## DECISION OF THE RAILWAY STAFF NATIONAL TRIBUNAL

### A. The Questions We Need To Decide

88. Our task has been made more difficult because of the absence of agreed terms of reference. The NUR asked us to consider their claim for an improvement in pay and conditions 'against the background of the understandings given by the BRB and the unions in the 1980 and 1981 pay settlements, the 1981 Understandings reached at ACAS and the tripartite discussions between the BRB, the Railway Unions and the Government under the auspices of the British Rail Council'. The TSSA terms of reference made no mention of past understandings or discussions, while the ASLE&F claim was for an improvement in pay and conditions 'completely separate and apart from any productivity initiatives'.

89. The Board, for its part, sought to make it 'absolutely clear' that it could 'only consider 1982 pay against the background of productivity and the financial situation'. They had 'noted but not agreed' the terms of reference put forward by each of the unions. Their own position was that 'productivity issues must form an essential part of the Tribunal's consideration'. Their submission concluded by emphasising that we should seek to link any increases we might wish to recommend with the full implementation of the 1981 Understanding. As they put it:

'The actual payment of this award - including any back payment to the agreed date - only to be made when the Board is satisfied there is positive evidence of commitment and implementation of the 1981 ACAS agreement.'

90. Of course this absence of agreement on the scope and nature of our task is in no way contrary to the provisions of the Machinery of Negotiation which establishes the RSNT. But it has meant that we have had to decide for ourselves what we wish to take into account on this occasion, and how far we felt we needed to consider such questions as the scope for further productivity

improvement and the financial and market position of the industry. In the event, after careful consideration, we decided that we could best help the parties if we set out to consider five related issues.

- (1) How far the understandings and agreements relating to productivity signed since 1980 had been carried out, and whether we were able to propose ways of making further progress towards this end.
- (2) What additional progress it was reasonable to expect towards still further improvements in productivity.
- (3) How far it was reasonable to argue that the present financial and market position was relevant to the capacity of the industry to increase labour costs in the immediate future.
- (4) What our response should be, in the light of what we decided about the questions posed above, to the claims of the unions for an improvement on the withdrawn offer of the Board.
- (5) Whether we could make any recommendations for additional action by the parties, leading to further improvements in pay and/or conditions.

91. Our reasons for posing these questions will emerge as our Decision proceeds. In the remaining sections we consider them in turn and make our specific recommendations. We end with a summary of our conclusions and recommendations.

#### B. Past Understandings And Agreements On Productivity

92. The disagreement of the parties concerning the extent to which the 1980 and 1981 settlements have been implemented and honoured, and the different implications they draw from their conflicting views, means that we had to begin by seeking to form our own view on these questions. We took the view that where disagreement and dispute remained we should try to propose ways of bringing the parties together. We began, therefore, with the 1980 pay settlement.

93. Paragraph (2) of the 1980 agreement: The 1980 settlement included a 20% increase in rates and a reduction in the working week based on 'minimum cost'. In exchange the unions agreed to co-operate in the rationalisation of the freight and parcels business and the 'streamlining of administration'. Discussions were to continue on 'changes in working practices'.

94. At paragraph (2) of the agreement it was stated that such commitments to co-operate were 'given on the understanding that account will be taken of savings achieved in making further improvements to pay and conditions of railwaymen'. These improvements were to be phased over the period of change as progress was made.

95. The contention of the NUR and the TSSA was that the agreement was fully honoured on the union side, and that as a result over 15,000 posts were eliminated with a saving of almost £100m a year. They complained that despite this fact no 'further improvements' were proposed by the Board so that, as the NUR submission puts it:

'While accusing the NUR of failing to honour its commitments the Railways Board has blatantly ignored agreements which provided for savings to be used to improve the pay and conditions of railway workers'.

96. The Board made three points in rebuttal of this charge. First, the annual rate of savings was put at a rather lower figure - just under £70m a year at current pay levels. Second, a significant cause of savings was said to be the closing down of activities incurring 'heavy losses' such as the withdrawal of parcels collections and delivery which saved 3,264 posts. The Board argued that it was 'obviously challengeable whether it would make sense to think in terms of ploughing back "'savings"' produced in this way. In contrast to this, and until April 1982, no savings of any kind accrued as a result of changes in established 'agreements and working practices' - they had been made the focus of a new initiative in 1981.

Altogether, the Board calculated a mere 2,366 posts were reduced as a result of schemes named specifically in the 1980 pay settlement'. Almost 10,000 resulted from a 'combination of good house-keeping and other minor schemes including investment'.

97. Finally, in direct answer to the charge that there had been no 'payback' improvements offered by the Board arising out of savings made, the Board stressed that overall rates of pay had increased by 32.2% as a result of the combined effect of the 1980 and 1981 annual pay reviews.

98. Our own views are that while the Board is entitled to point to the fact that many of the savings were not specified in the 1980 settlement, most of them were to some extent dependent on union good-will and co-operation. The fact that over 15,000 jobs were eliminated indicates that the union did their best to assist in the implementation of the 1980 rationalisation programme. This underscores what we said in Decision 77 about their past willingness to agree to measures designed to reduce the labour force, and thus their own membership. As the NUR put it 'It is the introduction of labour-saving techniques which has been the most fundamental cause of staff losses'. Without co-operation from the unions it would not have been possible to cut the labour force over the last thirty years by almost 70%, without similar reductions in services - most notably on the passenger side. As we argued at some length in Decision 77, this made possible significant improvements in output per man and enabled the railway to survive in its present form. It also helped to finance present levels of pay and conditions of service for those remaining in the industry.

99. Of course we realise that it did not prove as easy to gain acceptance for a similar rate of change in respect of established agreements and working practices. But the current estimate of savings it expects to gain, when the 1981 programme is fully operable some time in 1986, is substantially less than that produced by the 1980 initiative ie less than £50m a year after five years. Moreover, the Board has always accepted that it would be a more difficult and longer term task to gain acceptance for what was needed in this sensitive area.

We concluded that the undertaking to co-operate on rationalisation in general which was contained in the 1980 pay agreement was honoured by the unions at the time. We see no need to make proposals for further action in this respect.

100. We also feel that while the Board is entitled to point to the size of the overall pay movement since 1980 this does not fully answer the argument of the unions concerning special payments in implementation of paragraph (2) of the 1980 settlement. To begin with only part of the overall rise could be said to be in any way related to the paragraph - ie the subsequent settlement of an additional 11% in 1981. It is also necessary to point out that this increase was paid in two parts, and that the second part was only agreed after a further commitment was made to productivity improvement in the form of the 1981 Understandings. It is worth noting that this agreement contained a final paragraph which might be said to echo the disputed paragraph (2) of the 1980 agreement - ie the much discussed paragraph (3) of the 1981 agreement. We shall be considering the implications of this in more detail below, when we return to the general question of the link between productivity and pay on the railways. At the moment we need only note that at least the terms of paragraph (3) of the 1981 agreement are more concrete and less ambiguous. Here reference is made to 'specific rewards' for staff 'whose responsibilities are directly affected'. As a result of this agreement it is clear that general increases cannot be 'prayed in aid' as evidence of subsequent payment.

101. The Open Station Concept and Variable Rostering: We turn now to the six specific commitments arising out of the 1981 settlement. Fortunately there is no disagreement in this respect about two of them: sub-paragraph (a) on Open Stations and sub-paragraph (c) on Variable Rostering. In the words of the spokesman of the Board 'There is no problem on the Open Station'. The experiments required are taking place and 'in terms of the August ACAS understandings, I say on behalf of the Board

that particular commitment has been discharged'. Asked if a similar stage had been reached in relation to variable rostering so that it could be said that it was also the case here that 'the ACAS understanding had been discharged' the spokesman of the Board replied: 'From the Board's point of view, yes'.

102. From the union side the most important additional point made in respect of both understandings concerned the implementation of paragraph (3). The NUR took the view that the Open Station Concept should be seen as part of a comprehensive review of operational responsibilities, with implications for the existing system of grading and the rates of pay attached. Nevertheless they argued that the specific rewards due as a result of their co-operation in the implementation of change should be paid as soon as possible. In general terms they charged the Board with a reluctance to estimate, in advance, the savings to be derived from change. They criticised the Board's 'perverse' approach of 'buy now - pay later'.

103. Referring to the full implementation of the 1981 understandings, including any 'paybacks' arising out of paragraph (3), the NUR spokesman said:

'I have said in my evidence I cannot take promises any more. It is finished. I cannot sell change on these terms any longer. The Board will have to measure up to at least something like the proposals we put to them, or we will never get any change at all'.

104. In the case of the ASLE&F their view was further conditioned by the fact that as yet no payments have been made arising out of their agreement to implement sub-paragraph (c). Also, at the time of our hearing, the reduced working week (which was to be implemented alongside flexible rostering) had not yet been applied to drivers. In this their position contrasted adversely with the situation in respect of guards - who are already in receipt of an additional payment under the terms of sub-paragraph (c), and enjoying a 39 hour week.

105. The Board's reply to all these points was to stress that in general terms payment must wait on an assessment of actual savings, calculated on the basis of new methods of work in operation; this was their interpretation of the commitment entered into under sub-paragraph (c). So far as the open station concept was concerned, they said, there was 'still a lot of work we have to do together'. In the case of a payment for working flexible rosters on the footplate this 'will be negotiated in the light of the facts. None of us knows the facts yet, except we know there are benefits and these benefits will spill into rewards for the people concerned'.

106. In respect of the 39 hour week, the Board's spokesman defended the difference between guards and drivers by reference to the attitude of the NUR towards the associated change of flexible rostering. As they put it: 'The NUR have said positively that they will play their part in trying to persuade and encourage people to accept it and to make it work. We felt that that was an agreement which warranted a 39 hour week. The ASLE&F are not quite in that position. Therefore, until they are introduced, there is no 39 hour week'.

107. We feel we can best define our own position on these matters in the form of three conclusions. First, we consider that the commitments in sub-paragraphs (a) and (c) of the 1981 Understandings have been fully met by all the unions concerned.

Second, we believe that the savings arising as a result should be calculated at the earliest opportunity, as was done in the case of guards in respect of sub-paragraph (c). Urgent negotiations should then take place on the payments to be made to the staff affected.

Third, the 39 hour week should be applied to footplate grades without delay.

108. The Manning of Freight Trains: We consider next two further understandings which both relate to the manning of trains: sub-paragraph (e) which deals with freight and sub-paragraph (b) which relates to passenger work. Both share the further characteristic that they have been the subject of detailed discussion and negotiation since August 1981. As a result the differences between the parties are capable to being stated with some degree of precision, as well as the areas of agreement. We begin with the position in respect of freight trains.

109. The Board were asked whether what they wanted was 'confirmation by the NUR to the introduction of three pilot schemes to assess the validity of the Board's proposals for driver only operation on some freight trains'. (In effect the proposals contained in a letter to the union on 23rd June last). The spokesman of the Board replied:

'Yes, that is essentially where we are. I want acceptance that there will be trains on nominated services - two or three is what the ACAS agreement said - where the driver is actually in charge, to test the validity of the Board's argument for removal of guards from freight trains'.

110. We next asked the NUR for their comments. Their spokesman stressed the limited nature of the 1981 Understanding, which speaks of 'an immediate joint examination with a view to establishing to the satisfaction of the parties the circumstances in which some freight trains could be operated without guards'. He said that the union had 'reservations about this', but nevertheless they were prepared to 'conduct the experiment sensibly'. There would be a need to 'visit the location, see the type of train, the commodity it is carrying and the area it is operating over, because there are certain conditions attached (which the Board do not reject anyhow), where it can only be applicable in certain circumstances'. But if these matters could be settled: 'Then yes, that experiment shall go ahead. That is how I see it, and I will honour that commitment'.



111. As a result of this interchange we formed the view that the conditions now exist for a rapid and decisive trial of the Board's proposals on this matter, as contained in their letter of 23rd June last. Once this is complete and agreement is reached, it should be possible to discuss the impact on drivers' responsibilities within RSJC (Locomotive), including the additional payment required, as a matter of some urgency. Whatever the reasons for delay in the past, we consider that the spokesman of the Board was correct when he said 'I would not have thought that we were very far apart.' To enable agreement to be reached, and the undertaking contained in sub-paragraph (e) to be fulfilled, we recommend the following:

The NUR should confirm their agreement to three pilot schemes to test the validity of the Board's proposals for driver only operation of some freight trains. All principles and detailed working arrangements to be agreed at RSJC (Traffic) and RSJC (Locomotive) including agreement on the specific trains which will operate under driver only conditions within the three service groups.

112. The Manning of Passenger Trains: The disagreements between the parties over the implementation of sub-paragraph (b) partly turns on what it is thought to involve. For this reason it has to be quoted in full:

'It is accepted that the introduction of the Bedford-St Pancras electrification service in May 1982 present the industry with the opportunity of a fundamental rethink of the whole concept of manning trains where modern stock is introduced into intensive commuter areas. Without any preconceived conditions on either side discussions shall take place on the prototype system for the Bedford-St Pancras service'.

113. The Board's view was that modern stock working in intensive commuter areas need to be operated without guards undertaking operating responsibilities. They argued that the new stock designed to run on the Bedford-St Pancras line should be operated

by drivers only, with the terminal responsibilities of the present guards undertaken by 'on the ground' staff. Where this arrangement results in additional responsibilities, in the terms of subparagraph (3), additional rewards would be negotiated for the staff affected - most notably drivers. Where existing guards were displaced there need be no redundancy, since the age profile for guards ensures that there will be a need for the existing labour force alongside new entrants. In any case the guards are protected by the existing agreement which prevents 'compulsory redundancy' and provides the alternative of re-deployment.

114. The introduction of driver only operation on the Bedford-St Pancras service is regarded by the Board as a matter of great urgency. They pointed to the passage in the 1981 Understanding which assumed that the new service would be introduced by May, 1982. To prepare for this over £150m has been spent on capital investment, which is now laying idle. But even if agreement were reached with the NUR on the removal of guards, there would still be the need to train drivers and gain agreement for their introduction. The Board ask us to say that the NUR should agree that 'as far as the Board is concerned, this item is discharged to enable us to talk about pay increases'.

115. The NUR did not accept that the terms of the 1981 Understanding committed them to driver only operation. The union had always made it clear that it was opposed to the removal of guards from passenger trains. Sub-paragraph (b) proposed a 'fundamental re-think' without 'preconceived conditions on either side'. It was also exceptional in that no date was mentioned by which agreement must be reached. All the NUR was expected to do was participate in 'discussions' and advance its own proposals. These obligations had been fully met.

116. The Board had invested in a system of train operation which suggested that its mind was made up and it was not interested in the NUR proposals, advanced in December last.

As the union made clear at the time of the ACAS discussions, they sought to link the future of train manning 'with the Open Station Concept. No one who attended those meetings can have been under any misapprehension as to the NUR's intentions in agreeing to the wording of the ACAS Understanding'. What they favoured was a modification of the guard's role, rather than his removal from the train. This had appeared to be compatible with the approach of the Board at the time of the Watford talks. At that time they suggested a 'package of measures' involving driver only operation:

'... linked with the question of whether the Guard can help with customer services, collection of revenue, quality of services, public address etc. The approach would be first to ascertain whether the Guard could fill that role and, if so, he would be retained, but where it was unrealistic to do this he would be withdrawn'.

The trouble was that the Board appeared to have moved away from this position, which had 'demonstrated a willingness to examine a continuing role for Guards in the context of driver only operation'. Yet now the Board were refusing to accept that experiments designed to test similar proposals advanced by the NUR could be regarded as a legitimate way of carrying out the terms of sub-paragraph (b). As a result the NUR alleged that any delay in its implementation was the responsibility of the Board.

117. We explored the Board's reaction to this argument. Their reply was essentially in terms of relative cost. They had become convinced that in intensive commuter areas the Open Station Concept, involving revenue collection on trains, was impractical and inefficient. Here the density of the load at peak periods, plus short distances between stops, would necessitate the introduction of additional guards and Assistant Fare Collectors if barrier staff were removed. The cost of such staff would greatly outweigh any savings arising out of the removal of barrier

staff, even if this resulted in a more effective method of fare collection. In broad terms they calculated that for the St Pancras-Bedford line this would mean more than another £500,000 a year in additional staff costs. We asked for a breakdown of this estimate, and it is set out below:

	£
Cost of additional staff required as compared with the Board's proposals for Driver Only Operation	
70 additional guards	526,000
30 additional Assistant Fare Collectors	189,000
	<hr/>
	715,000
Less savings from :	
Estimated increased revenue from reduced level of fare evasion	60,000
17 Barrier staff saved under Open Station Concept	102,000
	<hr/>
	162,000
Net additional cost (83 extra staff minus increased revenue)	£553,000

118. We have to say that we find these figures persuasive, although it would be possible to challenge them in a number of ways. First, the Board estimate that even with an extra hundred staff to pursue travellers without tickets, £13,000 a year will still be lost through fare evasion. Second, the extra staff allowed for are said to constitute 'an absolute minimum requirement' if open stations are to be introduced in the crowded

conditions of suburban work, and the Board says that 'more may be necessary'. But the Board could be wrong on both counts. If they are, fewer people would be able to collect more money. Third, the figures used to calculate additional labour costs are not based on existing rates of pay but 'the higher rates of pay claimed by the NUR'. It could well be that the Board would not agree to pay the rates demanded by the NUR.

119. Nevertheless, we do not think that reservations of this kind undermine the general drift of the argument. What is most striking is the relatively small gains arising from the elimination of barrier staff. If these figures are broadly correct it is difficult to see how a move towards open station on the St Pancras-Bedford line could make possible the introduction of additional guards and fare collectors. There seems no way in which a move in this direction could be regarded as an improvement in labour productivity. But this is not to say that there might not be a role for existing guards as an additional means of revenue protection, or to perform certain other duties. We return to this possibility below.

120. In an effort to overcome the resistance of the NUR the Board proposed a new experiment in its letter of the 23rd June. To 'confirm the technical and operational feasibility of the driver only arrangements and to test the merits of the NUR proposals', it is suggested that the new electric train service should be introduced on the following basis:

- a) Driver only operation between St Pancras/Moorgate-St Albans;
- b) Open station concept between St Albans and Bedford.

Training of staff was to commence immediately, to achieve the implementation of a public timetable by October, 1982. The experiment was to operate for a period of three months 'and to continue during subsequent joint review discussions pending agreement on the permanent arrangements'.

121. Unfortunately, this proposal failed to find favour with the NUR and the Board told us that it had been withdrawn. Asked to say why their spokesman replied:

'... the reason we are pulling back from this original alternative is because of the financial position ... about 20 additional people had to be recruited. We are now saying, 'No, the finances of the Board cannot stand the recruitment of these people'.

122. Asked for further details of the cost of introducing an experiment along these lines, the Board told us that it would involve a saving of 10 station staff, 29 additional train staff and a reduced level of fare evasion priced as £30,000 per annum. There would, therefore, be an additional cost of about £100,000 per annum. But the Board also went on to say:

'It should also be appreciated that whilst the 10 station staff displaced could possibly be used as Assistant Fare Collectors on trains, there would still be a requirement to recruit up to 19 additional guards/fare collectors, with a relatively long training programme and they could not easily be disposed of or absorbed, should they not be required at the end of any trial period'.

123. We consider that we cannot recommend an attempt to revive this experiment. It would represent a further period of delay, while a temporary compromise was introduced in the hope that the results would be decisive. The chances are that this would merely extend the period of disagreement, and leave the Board with a group of specially recruited staff who might be difficult to redeploy. We feel we must propose a more decisive solution, which had more chance of resolving the dispute between the parties on a permanent basis.

124. Our view is that this must be based on the acceptance of driver only operation throughout the Bedford-St Pancras service.

We take the readiness of the NUR to think in terms of a changed role for the guards as evidence of the fact they are prepared to accept that this is the only sensible course to pursue. Of course we realise that they are concerned about their members' jobs, and wish to be sure that adequate safety standards are maintained. But they are not opposing driver only operation as such.

125. On the other hand, we cannot agree that the open station concept has much to contribute to areas of intensive commuter operation. The arguments advanced against it by the Board strike us as reasonable and fairly self-evident. We see little reason to suppose that a prolonged experiment is needed to demonstrate this fact. But it does not follow from this that there is no role for existing guards in areas of driver only operation; indeed we take the Board to be saying that they would be prepared to accept an experiment designed to clarify the position in this respect. We set out below our proposals to this end.

126. We earnestly hope that they will prove to be acceptable to the NUR. We have been impressed by their arguments concerning the limited nature of the obligations entered into as a result of sub-paragraph (b). We do not charge them with reneging on these obligations as they saw them at the time but we do think that it is time that they adopted a more flexible approach. What we propose below is designed to provide a fair and objective test of the case for retaining guards on the Bedford-St Pancras service in a non-operational role, while meeting the Board's legitimate demands for progress and utilisation of expensive new investment.

127. Our Decisions on this question are as follows:

- (1) It should be accepted that the new Bedford-St Pancras electrification service will be introduced as soon as technical and operational feasibility permits, based on driver only operation.

- (2) To this end all principles and detailed working arrangements should be agreed at RSJC (Traffic), RSJC (Locomotive) and RSJC (General). Training of staff to prepare for any change in existing duties and responsibilities should start immediately.
- (3) Existing guards should be retained and re-deployed on non-operational duties - for example improved customer services and the collection of revenue - for a minimum period of six months. At the end of this period the results should be reviewed at RSJC (Traffic) and the parties should decide whether to retain guards permanently for non operational duties.
- (4) Where the introduction of the new service involves any change in existing responsibilities, staff directly affected should qualify for consideration under the terms of paragraph (3) of the 1981 Understanding.

128. Easement of conditions of single manning on traction units:  
We come now to the two remaining sub-paragraphs of the 1981 Understanding - those dealing with the extension of single manning to footplate grades and the trainman concept - ie (d) and (f). What they have in common is that so far agreement has not yet been reached, although there have been no detailed proposals and responses, which make it difficult for us to suggest precise solutions, as was the case in respect of sub-paragraphs (b) and (e) above.

129. In the case of single manning of traction units the main reason for this has been the protracted discussion about the implementation of sub-paragraph (c) on flexible rosters. The Board stated the position thus:

'That part of the Board's proposals which related to simple rostering up to nine hours, was covered by RSNT Decision 77 and as essential adjunct to variable rosters is being negotiated as part of the agreement I have referred to.



There has been limited discussion on the remaining major portion of the Board's proposal but as yet no Trade Union indication of acceptance in principle of any part of it. It is a fact that when this was discussed last November it was agreed that further consideration be deferred pending resolution of the variable roster proposals, with which it is inter-related'.

130. Asked what the Board required now their spokesman replied in a passage which justifies quoting at some length. He said:

'I want acceptance that we have now got to discuss seriously the various proposals which are part of this item (d), and acceptance that there has got to be a negotiated agreement - and I emphasise a negotiated agreement - on the various aspects which are covered by (d). They are quite complex; they deal with things like PN breaks, with mileages, with hours, they deal with the single manning of trains and the conditions under which the single manning is carried out. It is a complex subject. As we stated in evidence, the subject matter was very much stymied by lack of progress on flexible rostering. We believe that the door is now open and we should get into detailed negotiations and conclude, because within this subject matter there are major influences which can impact upon thoughts that are in the NUR's paper that we have just been discussing. There is an inter-relationship between all these initiatives. It is only when one gets a conclusion on the initiatives that one does get this picture in the round that you speak of. Then you really get a chance properly to view, discuss and agree the very final detail of train manning, of Guards, pay structures, promotional structures and so on'.

131. At this point, we received the ASLE&F reactions to the Board's demands. Their spokesman said:

'We have not even started talking yet ... If you are telling us now that railwaymen are not going to get an

increase until there is an agreement reached on something they have not even started to negotiate - the British Railways Board took it away from us - it is rather a peculiar way of doing our business. That is all I can say to you, and I say no more. I leave it to you to judge'.

132. We feel that our judgement must begin with an appraisal of the precise terms of the 1981 Understanding. Sub-paragraph (d) reads as follows:

'Negotiations shall take place on the proposals relating single manning conditions, on the understanding that provisions will have to be made for appropriate safety measures and that there should be no worsening of staff conditions. These discussions shall be concluded by 31st October, 1981'.

133. Several points arise from a consideration of this paragraph. First, in addition to the complexities detailed by the Board's spokesman concerning the need for changes in physical needs, breaks and other conditions, and quite apart from the implications for pay and promotional structures, including the trainman concept, sub-paragraph (d) specifically raises two other complex issues: Provision has to be made for 'appropriate safety measures and that there should be no worsening of staff conditions'. All these questions and conditions combine to convince us that obtaining agreement on implementation of sub-paragraph (d) is indeed 'a complex subject'.

134. Second, it is to be noted that the envisaged time scale for agreement covered a period of some three months. Third, that period has now been exceeded by a further ten months. We note that the Board take the view since that time they have submitted their outline proposals to the parties, and that their spokesman thought that, 'if we seriously wanted to work our way through these different papers which lie behind the specifics, we could get through in a matter of weeks'. But we have to consider the possibility that this could be an optimistic assessment.

135. Our conclusion is that the parties should agree, in the Board's words, to 'discuss seriously the various proposals which are part of this item'. Discussion should be based on 'acceptance that there has got to be a negotiated agreement' within the terms of sub-paragraph (d). However, we find that we are unable to decide the precise time scale this would involve, although we feel it is reasonable for the Board to take the view that there must be some advance commitment to proceed without delay, and some way of avoiding delay if it should arise. With these objectives in view, our Decisions are as follows:

- (1) The parties should accept the need to discuss seriously the Board's proposals for the easement of conditions on single manning on traction units, within the terms and safeguards contained in sub-paragraph (d) of the 1981 Understandings.
- (2) These discussions should be based on an acceptance of the need for a negotiated agreement implementing sub-paragraph (d).
- (3) It should be accepted that each of the parties has available to them the provisions of the Machinery of Negotiation in the event of a failure to agree within a period of time which is acceptable to them.
- (4) If the use of this Machinery involves the use of the RSNT it should be accepted that arrangements will be made for a reference to take priority with arrangements for a hearing within thirty days.
- (5) Where the introduction of single manning involves any change in existing responsibilities staff directly affected should qualify for consideration under the terms of paragraph (3) of the 1981 Understanding.

136. The Trainman Concept: The Board took the view that 'this subject was still in the air'. The 1981 Understanding committed the unions to 'come up with specific proposals'. That requirement should be 'honoured and discharged'. They had their own views on how they wished to see the line of promotion changed and the modifications in training that would be required. But there were aspects of the problem that were best left to the unions. What was required now was that the union's proposals should be tabled 'very quickly' so that they could 'progress this particular concept'.

137. The NUR stressed that they had taken the initiative in making proposals for implementing the trainman concept, which had been at the centre of their ideas about a modern railway system for some time past. After the 1981 settlement there had been meetings of the Railway Federation of Unions to discuss these proposals. The ASLE&F had disagreed about certain aspects of the NUR's paper but 'In the discussion that followed there appeared to be sufficient common ground to provide hope that agreement could be reached'. Subsequent meetings revealed 'that there were no differences of principle involved'. Subsequent problems concerned with other aspects of the 1981 agreement had delayed progress but:

'The Tribunal should be in no doubt that at the joint trade union meetings in the second half of 1981 there was positive progress on this item. For understandable reasons the progress was not continued in 1982'.

138. The ASLE&F broadly confirmed the position taken by the NUR. There were differences between the two unions but at their last meeting 'great progress was made.' No progress had been possible since December last because of 'industrial problems caused by British Railways'.

139. We see the main problem here as the need to gain agreement between the NUR and the ASLE&F. As the terms of paragraph (f) make clear in the past it has been 'obstacles between the unions which have prevented progress'. If they could agree

on joint proposals, and place them before the Board, we are convinced that a satisfactory agreement would follow providing for recruitment, training and promotion on a mutually satisfactory basis. However, we consider that there is something in the arguments of the unions - most notably the NUR - to the effect that it ought to be possible for the Board to make known its own views on grading and possible rates of pay once the broad outlines of the new training requirements and responsibilities are agreed. Our Decisions, which are set out below, are designed to embody this approach:

- (1) The NUR and the ASLE&F should agree to provide the Board with their jointly agreed proposals for implementing subparagraph (f) of the 1981 Understanding within a period of three months.
- (2) Once these result in agreement on the required changes in training and responsibilities the Board should provide the unions with proposals for/appropriate changes in pay and/grading.
- (3) It should be accepted that each of the parties has available to them the provisions of the Machinery of Negotiation which allow for a reference to the RSNT after the expiry of the period set out above.
- (4) Where the introduction of the trainman's concept involves any change in existing responsibilities staff directly affected should qualify for consideration under the terms of paragraph (3) of the 1981 Understanding.

#### C. Further Progress Towards Improved Productivity

140. We have now completed our assessment of the 1980 and 1981 settlements. We have made recommendations designed to ensure that any outstanding obligations arising out of the 1981 settlement are met in ways which we regard as reasonable and fair. But the Board told us that it intended to make 'further major changes to facilities and services provided and to the organisational structure'. It said that such changes 'must

be made quickly' and that we should regard them 'in addition to the productivity items already tabled'. These 'additions' we set out in full below:

- (a) Adjustments to passenger timetables, which significantly over-provide for the volume of business available because of the combined effect of market changes, the economic recession and traffic losses resulting from the recent strikes. To achieve essential cost reductions substantial reductions in train mileage are planned for staged implementation in October 1982, January 1983 and May 1983. It is critical to the business results that these should go ahead on the intended timetables.
- (b) A parallel review and adjustment of work allocation between depots within a similar implementation schedule. This will take into account the passenger service changes, the ongoing rationalisation of wagon load freight, the impact of flexible rostering and the easement of traction manning arrangements, the objective being optimum use of train crew time. Terminal staffing must also be reviewed and adjusted.
- (c) Rapid progress must be made with further administrative economies, including introduction of simplified work methods, cessation of some work and application of new office technologies. Opposition to Discretionary Cost Analysis, the associated volunteer redundancy and specific proposals to merge Areas and Divisions will need to be withdrawn.

141. The unions complained that in the words of the spokesman of the TSSA 'despite an excellent machinery of negotiation and consultation, the BRB submission was the first we had heard about these. Surely they could have written to us or even called a special meeting of the RSNC'. The TSSA view was their members 'will have to carry out the planning work for item (a) and they may do so, but surely it would have been better for the BRB to have advised us before now.' In the case of the item (b) they said 'this means good housekeeping - that is, adjusting establishments to work load. We have never objected and they cannot claim we have. In fact the 1980 to 1981 monitoring figures clearly show the savings arising from ongoing good housekeeping'. In the case of item (c) the Association's view was that they would give co-operation provided it is matched by reasonableness and integrity from the Railway Board.

142. We found these statements by the TSSA extremely helpful, but we are somewhat at a loss in knowing how to deal with these objectives of the Board. It seems clear that they have not been discussed within the procedure to the point where a failure to agree can be assumed, so that we are not entitled to pronounce on them in any precise or definitive way. On the other hand, the Board says that they needed to counter their 'financial imbalance' and suggests that 'given Trade Union co-operation in these areas, together with delivery of the productivity items already tabled' they would find it much easier to afford a pay increase for 1982.

143. We think this may well be the case, moreover a close examination of what is suggested, especially in respect of item (c), suggests that what the Board have in mind would produce benefits of a long term kind, which ought to form the basis of a further advance in productivity which lasts well beyond the present financial crises and even the present recession. For the unions are asked to consider 'further administrative economies, including the introduction of simplified work methods, cessation of some work and application of new office technologies'. And they warn: 'Opposition to Discretionary Cost Analysis, the associated volunteer redundancy and specific proposals to merge Area and Divisions will need to be withdrawn'. As the TSSA rightly said, in specific reference to item (c), the unions have usually provided the necessary co-operation 'provided it is matched by reasonableness and integrity from the Railway Board'. If this were to be forthcoming in this instance, there might well be a source of savings, and a rapid improvement in productivity, to compare with the results of the 1980 agreement. If so this would be of importance to us in deciding our answer to the next two questions we need to consider, including our Decision on the union's claim for an increase in 1982.

144. In an effort to throw what light we could on this important issue we asked the BRB what would be the benefits of the new proposals at para 43 of their submission. They replied as follows:

'The changes necessary to adjust resources to present/expected business levels are not correctly described as 'savings'. The precise nature of required adjustments and their timing cannot yet be quantified'.

145. We appreciated why the Board take this view; they have just tabled these proposals and some of them will only have an effect over the longer term. They are unusual in that there appears to be a mix of what the Board hopes will be temporary adjustments, coupled with the completion and development of more permanent objectives. Yet we have to say that from the viewpoint of the unions these distinctions may appear to be somewhat abstract and technical: what they will want to know is the impact on terms and conditions, especially jobs and pay.

146. We have considered carefully what we might say about these new and undiscussed proposals of the Board. In an effort to assist the parties we feel we can go this far:

The unions should agree to discuss the proposals of the Board for further action to maintain and improve productivity, as set out in Paragraph 43 of their submission to RSNF 78.

Every effort should be made to reach agreement on ways of securing union co-operation.

#### D. The Existing Financial And Market Position

147. In some ways the parties are not in disagreement about the present financial position of the industry. The NUR accepts that 'the financial position of the industry has reached an all time low'. The TSSA admits that the Board's finances are in a 'parlous state'. The ASLE&F also referred to a 'parlous financial position'. Such remarks were echoed by the Board who suggested that it must be acknowledged that 'the kitty is empty'.



The Board's account of the present market position was also not challenged by the unions. The Board estimate that they will have an unsupported Group Trading Loss for 1982 of between £240m and £280m. This will exceed the External Finance Limit for the fiscal year by at least £70m to £110m - and this is before any provision is made for an overall pay increase for 1982.

148. We asked the Board whether recent revenue losses were mainly due to industrial disputes, rather than other factors - such as the impact of the recession. The spokesman of the Board said that industrial disputes were by far the most important cause, since so far the Board had managed to hold its 'gross free revenues' on the passenger side. We asked for further details and they are set out below:

Losses due to various causes over previous years

	1980	1981	1982
Disputes	£31m	£ 5m	£240m
Recession	£95m	£84m	£ 66m
Competition	n/a	£17m	£ 8m

149. It can be seen that if these figures are accepted the effect of the recession and increased competition greatly outweighed losses due to industrial disputes before the present year - that is, they were responsible for over 85% of recorded losses. On the other hand the position in 1982 was quite the other way. In this year industrial disputes appear to have been the reason for some 75% of losses - which means that revenue losses were more than three times as high as they otherwise would have been. Of course there is sharp disagreement about the causes of each industrial dispute, and we have no intention of entering into these questions in this Decision. Suffice it to say that the unions do not accept that the disputes are their fault, and that the Board is innocent of blame.

150. There is also a fair measure of agreement about the crucial role which needs to be played by government investment, if the financial and market position is to be improved. The NUR stressed that successive Governments had starved the industry of capital, providing a level of public support far below that of comparable European systems. They emphasised that an absence of sufficient investment had produced a situation where the railway was likely to enter a cycle of 'irreversible decline'. What was required was a relaxation of external constraints - in the form of approval for more investment projects, a larger PSO and an increase in the External Financial Limit. The TSSA emphasised that the real value of the EFL had not been maintained, while the failure to increase the level of investment sufficiently meant that more and more track had to be taken out of service. Both unions stressed the importance of government agreement on a long term investment plan - with particular reference to the crucial area of electrification. All unions criticised recent government policy in this field, leading to a wasteful and unproductive 'piece-meal approach'.

151. Not surprisingly, the Board made a number of related points in a somewhat different way. They said they were pressing for increases in investment, the PSO and the EFL. They did not deny that government support was crucial to the survival and advancement of the industry. Their rather different emphasis is well caught in the following passage:

'The Board recognises the need to pay its staff adequately. This is essential if we are to retain and recruit and maintain our commitment to the industry. The Board is also totally dedicated to the long term future of the industry, the investment in electrification and modern equipment and joins with the trade unions in attempting to persuade Government and society of the wisdom of supporting these objectives. But money is scarce. We have to argue the case against other priorities and our case, good though it is, is immeasurably weakened by internal strife, unreliable services and the apparent inability to match modern practices

with modern hardware. That is the real issue I submit'... the railway industry is fighting for its life. The number of our doubters, if not our enemies, grows every day. Our markets, and therefore our incomes, are in disarray, which itself has no easy options with business closures an everyday event, has demonstrated it can, albeit at cost and considerable inconvenience, survive without us; and we have a sizeable percentage of the population at large, and almost certainly a Government, who suspect the ability of a nationalised industry to produce value for money'.

152. This quotation from the closing passages of the Board's final submission to the Tribunal highlights the critical areas of difference between the parties on the implications they draw from a very similar view of the present state of the industry. The unions do not accept that improvements in pay and conditions must be largely self-financed. They demand an immediate influx of support from the Government, to provide both a long term future for the industry and reasonable pay levels now.

As the NUR puts the point:

'If the workers could see a firm commitment to the future of the railway industry, if they could see approval of major electrification schemes and other investment proposals, they would have greater confidence in their future and be more amenable to changes in the industry'.

But it is not only money for investment that is demanded:

'When you award an increase as we want you to do, we want you to state that the finance must come from Government, who have recognised the importance of railways and have given importance to the industry'.

The TSSA takes a similar view:

'This Tribunal has the task of putting down on paper exactly

what they feel in naming an award... The question of the money does follow and, obviously, the Railway Board will have to go to Government for it'.

And the ASLE&F agree:

'We believe your job is to say we believe this will be fair, where it comes from is something that will have to be sorted out. The country will have to make that decision'.

153. It is time to state our own conclusions on these issues. We accept that the financial and market position of the industry presents unprecedented difficulties at the present time. An industry which is usually sensitive to the effects of a prolonged recession and is facing a climate increasing competition has suffered an unprecedented and irrecoverable loss of revenue. To admit this is not to make any judgement on the causes of this loss, or to seek to apportion blame. That is not our function or intention.

154. What we need to note is that as a result the Board has no alternative but to seek additional help from Government - if only because it is bound to exceed its External Financial Limit this year. The question is how far additional government aid can or should be provided, to enable the Board to meet its present wage demands?

155. But it is also clear that both the unions and the Board are asked for Government aid for other purposes as well. They agree that the industry needs a larger and more stable level of investment. They are convinced that its Public Service Obligation should be maintained and improved in real terms. In considering what we have to say and the recommendations we can make it should be appreciated that these matters are the subject of detailed investigation by the Serpell Committee, which is due to report by the end of the year. We note that the Committee's terms of reference are very wide. It is asked:

'to examine the finances of the railways and associated operations, in the light of all relevant considerations and to report on options for alternative policies, designed to secure improved financial results in an efficiently run railway in Great Britain over the next twenty years'.

The question is how far we should seek to comment or influence matters that they are already being considered by them, or how far we can assume that we are able to estimate the likely outcome of their deliberations.

156. We have to say that on all these questions we are reluctant to pronounce. We do not wish to make assumptions which are not essential for the task before us in this Award. Nevertheless, there are several points we feel we must make. First, we see no reason to change our view, as expressed in Decision 77, that the Board will need to demonstrate that they are continuing to make progress on improving productivity. We remain convinced that this is likely to affect the volume and pace and direction of Government assistance, even if it does not match what either the unions or the Board feel they require. Without evidence of continued progress there will be few funds available - and this could have potentially disastrous consequences for both employment and pay. This is why we have sought to provide the basis for such progress, and have occasionally gone beyond what might be said to be the formal commitments embodied in the 1981 Understandings - for example in respect of one man operation of passenger trains. We have also proposed that the unions should consider and seek to agree the basis for further co-operation, on the basis of proposals which were not before the parties at the time of the Board's original offer. Agreement on these proposals should allow both the Government and the Board to consider what can be done about pay and investment in more favourable atmosphere.

157. Second, we have to say that as in the case of Decision 77, we find that we cannot share the hopeful assumptions on the union side concerning the size and availability of funds

from Government. As the Board rightly says their experience has led them to the conclusion that 'money is scarce'. We think this is all too true. We are not sanguine about the effect of any decision of ours on easing this situation - especially in advance of the delivery and consideration of the report of the Serpell Committee, which has wide terms of reference and is about to report to the Government. We feel that money is least likely to be forthcoming to cover an Award which all the parties here agreed could not be met without an immediate and special grant from Government - designed to make possible the kind of pay increase that the unions demand, or might have been afforded in the absence of the special circumstances of 1982.

158. In this respect it is necessary to point out the very significant impact of these circumstances, so far as the internal financing improvements in pay are concerned this year. We have been told that a 1% increase in the pay of staff affected by awards of the RSNT costs approximately £17m a year. It follows that the exceptional losses arising out of the industrial troubles of the industry during 1982 depleted revenues to an extent that would have provided the basis for a 14% addition to the overall paybill. Once again, we do not mention this to apportion responsibility, or to suggest that any of the parties acted in ways other than they thought right at the time. Our point is merely that we consider that it would be irresponsible of us not to bear this fact in mind in deciding what we can award on the claim before us.

159. Finally, we wish to point to the more hopeful long term implications of what has been achieved in the past in the field of productivity improvement, and its implications for the future of pay and conditions on the railways in what we hope will be more normal circumstances. Here we feel that some of the remarks which the Board made before us may have been over-influenced by their understandable frustrations when seeking to make progress in the very difficult area of established agreement and working practices - that is the area covered by the 1981 Understandings. In the event, as we saw, the

direct benefits of moves of this kind did not prove to be all that large - for example, when compared with the results of the gains from the 1980 rationalisation programme. They were also very difficult to obtain, and extracted at considerable cost. It is to be hoped that the present proposals, when they have been properly costed, will yield savings which are rather easier to agree and much easier to collect. To the extent that this is so we would expect them to be reflected in improved terms and conditions, and we return to this matter below.

160. One way of estimating the extent of union co-operation in ways of improving productivity is the effect on the overall size of the labour force. In this connection the union argument has been that despite delays in implementing certain aspects of the 1981 Understandings, overall numbers have continued to decline over the last two years. We were told by the Board that in recent years reduction has been at an overall rate of about 4% a year. We thought therefore it advisable to ask what the Board estimated to be the percentage reduction in staff for the period 1982-1985. They replied that over the period as a whole they anticipated a reduction of 27,000 posts - leading to a reduction in numbers employed of some 20,000. Of course these changes were not all expected to derive from direct improvements in labour productivity, some will, arise as a result of business adjustment on the effects of capital investment. Nevertheless they represent a reduction of some 15% of paybill over a period of four years - that is 3.7% a year.

161. Our conclusion on the impact of the present financial and market position may be summarised thus:

- (1) The existing finances and associated operations of the industry are at present the subject of a detailed investigation by a Government Committee under Sir David Serpell.
- (2) At the moment the industry faces an unprecedented situation as a result of an irrecoverable loss of revenue arising out of recent industrial disputes.

- (3) Given the circumstances we do not think we would be justified in assuming that this loss of revenue would be recoverable from Government, in the form of an immediate and special grant.
- (4) We feel therefore we have no alternative but to bear this in mind when deciding the claim before us.
- (5) But the unusual and unprecedented events of this year should not be accepted as either typical or likely to recur. Given continued co-operation along the lines of proposals advanced elsewhere in this Award, improvements in productivity and efficiency should make it possible to achieve advances in term and conditions that are unfortunately not available at the moment.

E. Union claims for an improvement in pay and conditions

162. The Arguments of the Parties: The unions argued that the pay position had deteriorated since 1975 in both real and comparative terms. The NUR's view was that to restore the real value of railway rates at that time, increases of between 26.7% and 36% would be required. To restore the position in relation to wage rates in general increases of between 23% and 32.1% would be needed. It was also argued that increases in rates have lagged behind movements in the RPI. On this basis, the standard of living of railwaymen had declined by 25% over the last seven years. One result has been that a greater number of railwaymen have become classifiable as 'lower paid' - that is, in receipt of less than two thirds of average earnings. Another is that trained staff have been leaving the railways and there have been difficulties in securing adequate replacements - even though unemployment has risen to record levels.

163. In reply the Board stressed that the picture changes when real and relative positions are measured in terms of earnings rather than rates. Thus DE figures for male adult earnings



show that in October 1981, inclusive of the 3% increase which was paid retrospectively, BR weekly earnings stood at 108 compared with the national index of 100. BR annual earnings were also equal to the national average. And the Board commented: 'This represents a significant relative improvement over the two previous years and disproves conclusively any argument that BR pay had been falling back during this period. The relative BR position was only slightly less favourable than in 1975 and very much better than in October 1973'.

164. In the case of the RPI BR said that the fallback which the unions complain about occurred in 1976 and 1977 - and was the result of income policy limits which affected all workers. Using October 1975 as a base of 100 the Board suggest that in October 1981, railway weekly earnings, in October 1981, stood at 207.3. Thus 'the erosion in the whole of the 6 years taken together was therefore 2.8% or 2.9%, dependent on whether weekly or hourly earnings are used as a measure.....'.

165. So far as this pay round is concerned the unions quote a number of settlements in other parts of the public sector. These approximated to, or occasionally exceeded, the RPI; eg those in gas, electricity and water (approximately 9%), or the Police (13.2%). The TSSA pointed to the fact that average earnings had moved by some 11% during the twelve months ending March 1982.

166. The Board's reply was that in both the private and the public sector 'there were also many low settlements, including several of nil'. These included British Steel and British Airways - where the annual increase was approximately 3.2%. In any case:

'The Board's firm proposition, as stated in the RSNC response to the Trade Union claim, is that it cannot be tied to any form of indexation, whether to RPI or to any other formula, and that it cannot recognise any particular point in time as providing the 'correct' relationship between Railway and external pay'.

167. We asked the Board to comment on a statement made to the House of Commons Transport Committee in March 1980 on behalf of the Board. This had been quoted by the NUR to demonstrate that BRB was paying below market rates, which 'does not make us competitive in conditions of employment'. The Board replied that although in its context the statement was relevant 'since then BR rates of pay have increased by 33.2% and the recruitment and retention difficulties experienced at that time and in the immediately preceding years no longer apply'. They said they had no difficulty in filling vacancies 'in area of grade where positive measures are taken to attract recruits'. Their current vacancy situation was the lowest 'since vacancy records have been maintained', although it had to be viewed against the fact that many vacant posts were being held to accommodate staff likely to be displaced by proposed changes and other developments.

168. The union's also claimed that their comparative position needed to be restored in certain other respects - ie in relation to working hours and annual leave. More than 750.000 manual workers were said to be covered by agreements to reduce working hours below 39, and there was a similar trend towards increased annual leave. Leave entitlement on the railways was said to be lagging behind this movement. The Board's answer was partly in terms of cost - The reduction of one hour a week would cost 2.5% of paybill, and each additional days leave was worth another .5%. But they also argued that evidence from the New Earnings Survey showed that 'BR holiday entitlements compare very favourably with the general average for both manual and non-manual workers. Asked about the possibility of a further 'minimum cost' reduction in the working week, to be financed at least in part by economies, the spokesman of the Board replied that 1982 was 'not the year to move again, either in the level of the working week or in the economies'.

169. Finally, the NUR argued for the abolition of the Railman rate and the assimilation of the grade into that of the Leading Railman. The Board replied that when this had been raised

at the time of Decision 75 the evidence had not supported the NUR view that there would be no repercussive effect. There was also an NUR claim for a review of the 'versatility' grades before RSJC (Traffic). They took the view that the future of the Railman grade 'should be considered in that setting'.

170. In reply to the Board's now withdrawn offer of a 5% increase with effect from the 6th of September, plus an equivalent movement in the MEL with the exception of staff aged 18 and 19, the NUR and the TSSA argued for an increase from the 19th of April to match increases in the cost of living. It was also suggested that as soon as possible there should be a restoration of the comparative and real wage position established in 1975. The ASLE&F asked the Tribunal to recommend 'that wages should be increased to a level consistent with that previously determined following an extensive review of the nature of railway work' - ie that established after the implementation of Decision 42.

171. The views of the Tribunal: In past decisions of the Tribunal dealing with general claims for improvements in pay and conditions we have felt able to take into account all the arguments placed before us by the parties - movements in real and relative rates; movements in earnings rather than rates; recent pay settlements in other industries and firms. The whole spectrum of factors placed before us and summarised above with reference to the present claim. These factors have been considered in the context of the Board's financial and market position, and any other factors which we felt were relevant at the time. In our Decisions we have tried to explain how we came to what we took to be a reasonable and fair Award, given our own views and approaches to our task. What we felt able to recommend has not always satisfied all parties, especially in relation to their long term aspirations. But it has usually been the case that our proposals, for the period under review, found eventual acceptance - at least as a basis for further discussion and eventual agreement.

172. We are acutely conscious that for reasons already explained we are not able to proceed in this way in respect of this Award. The unprecedented and irreversible revenue loss during 1982

means that there are much more severe limits on what we can recommend, without assuming access to special Government aid. In some ways it would be all too easy to make that assumption; but we are not able to convince ourselves that it would be realistic. We consider therefore that it would be irresponsible for us to adopt this approach.

173. Therefore, we are left with three options. First, we could award the maximum paybill increase we feel is practicable to be distributed evenly over the whole of the period from April 1982 to April 1983. Second, we could award a somewhat higher rate, somewhat nearer to that which would have been possible in the absence of this year's special revenue factors, but starting at a later date. (The overall paybill cost, over the twelve months as a whole, would be the same as the first option). Third, we could propose a slightly higher rate still, which started at the same date but continued beyond April, 1983. (The overall paybill cost, over the twelve months from April to April, would be slightly higher in this case; but there would be the assurance that pay levels would continue at the rate we proposed for a somewhat longer period).

174. After consideration we have decided to opt for the second option. It helps to ensure a more reasonable rate of increase but is less uncertain than the third alternative from the viewpoint of the parties themselves. Most important of all, we wish to maintain, to the extent that is possible this year, a movement in rates that is not too far out of line with what would have been possible in normal circumstances. Yet we appreciate that the cash flow problems of the Board are particularly difficult at the present moment of time. This fact was reflected in the form taken by their original offer.

175. The unions also placed before us claims for various improvements in conditions of work. Given the present circumstances we feel there are severe limits on what we can recommend in these areas as well. Nevertheless, we found the evidence advanced for a general movement towards increased holidays was persuasive

- most notably for the period 1981-83. We therefore recommend that the parties should get together with a view to agreeing an additional day's holiday, to be effective in 1983. We see no reason why the increase we propose in rates of pay should not apply to the present MEL irrespective of age. We also feel it should be possible to increase the level of the MEL from the normal date of the annual increase. We therefore Award as follows:

- (1) Rates of pay for staff covered by this reference should be increased by 6% from the 6th of September 1982
- (2) The Minimum Earnings Level for staff covered by this reference should be increased by 6% from the 19th of April 1982.
- (3) The agreement implementing both awards should be run until the 17th of April 1983. A further review should take place in time for the expiry of this agreement.

#### F. Further Recommendations

176. From the time of Decision 42 the tribunal has argued that it was unrealistic to assume that pay could be divorced from productivity. Of course this does not involve the view that employees, by their efforts to improve productivity, can be expected to 'finance the revival of the industry'. As the NUR rightly suggested to us this is a ridiculous and naive assumption. It also does not mean that all increases in pay should be linked to specific improvements in productivity - either in respect of particular individuals or groups, or in relation to the industry as a whole. How to establish and maintain a positive and productive relationship between pay and productivity is in any case a complex and controversial question, and it is to be doubted whether there is one answer which fits all occasions. What is the case is that in an industry such as the railways, productivity improvement has become an essential prerequisite of

defending living standards and jobs. Thus while we fully appreciate that the unions take the view that so far the changes involved in improving productivity have been purchased at an unsatisfactory price, we do not think that it follows that the answer is to refuse to agree to further change. This would make it less likely than ever that the industry would receive what the parties now agree to be a minimum level of government investment and support.

177. We also feel that the parties should explore the possibility of a more stable and acceptable relationship between pay and productivity over the longer term. It ought to be possible to work towards a position in which changes in operational advance are reflected in pay improvements and pay patterns. We formed the view that in the past these matters have been too much influenced by the need to find immediate solutions to pressing problems - ie those arising out of the annual pay round. We suggest a joint consideration of issues of this kind in our specific proposals below.

178. We feel therefore that we can make three recommendations to help maintain the momentum in towards higher productivity and improved conditions.

- (1) When links are established between pay and productivity they should be clear and unambiguous. In this sense the terms of paragraph (3) of the 1981 Understandings are much to be preferred to the vaguer and more general provisions of paragraph (8) of the 1980 Settlement.
  
- (2) Payments linked to specific changes should be estimated agreed and paid at the earliest opportunity - for example those awaiting the full implementation of the 1981 Understanding and linked to the introduction of open stations, flexible rosters for drivers, driver only operation, the single manning of traction units and the trainman concept.

- (3) The parties should consider ways in which changes in operational advance are reflected in pay movements and pay patterns on a more stable and long term basis.

G. Conclusions and Summary

179. In the absence of agreed terms of reference we had to decide how far we wished to investigate such questions as the scope for further productivity improvement and the financial and market position of the industry. We decided that in order to be able to provide the parties with a realistic Award it was necessary to explore both these areas. In the case of the 1981 Understandings we decided there was scope for further progress, and felt able to propose a number of ways of advancing towards this objective. We also felt able to propose certain additional action beyond the confines of our interpretation of the 1981 Understanding.

180. We decided on the basis of what appeared to be reasonable in all the circumstances. What we propose does not involve any criticism of past action, or inaction, on the part of any individual or organisation. In this sense what we suggest to improve productivity should not be seen as narrowly dependent upon the special circumstances of the 1982 claim.

181. On the other hand, we have long taken the view that it is essential for the industry to demonstrate that it is making reasonable progress towards improving productivity. We believe that pay and conditions cannot be totally divorced from productivity trends. These factors are also likely to affect the pace and size of essential government support - which we want to see maximised, even if it does not approach figures which either the unions or the Board feel the industry needs. It is also recognised by all the parties to this reference that the outlook for future employment and pay would be disastrous if government support were to decline further in real terms.

182. Similar considerations forced us to take into account the existing financial and market position of the industry. Once again all those appearing before us accept that this is dominated by an unprecedented and irreversible loss of revenue, arising out of recent industrial disputes. We make no comment on either reasons or responsibilities; what we have to note is that as a result revenues were depleted by a sum equal to at least a 14% addition to the overall paybill. For the reasons given above we felt that we had no alternative to taking this into account in framing our Award.

183. Yet we remain convinced that what happened in 1982 was an unusual event. We have tried to frame that part of our decision dealing with the 1982 pay claim on that basis. We consider that what we propose is within the capacity of the industry - bearing in mind its present financial and market position and the anticipated trend in labour demand. We felt that we had to decide as we did, knowing that what we say will disappoint some if not all the parties. Many of our conclusions will turn out to be more acceptable to some than others. But as has always been the case, we place our decisions before the parties as part of our overall solution to the problems they posed. We can only hope that our Award will provide the basis for discussion, agreement and a more hopeful future.

184. Our award may be summarised as follows:

The 1980 Pay Agreement:

- (1) The understanding to co-operate on rationalisation contained in the 1980 Pay Agreement was honoured by the unions at the time. There is no need to make proposals for further action in this regard.

The 1982 Pay Agreement:

Open Stations and Flexible Rosters

- (2) The commitments in sub-paragraphs (a) and (c) of



the 1981 Understandings have been fully met by the unions concerned.

- (3) The savings arising should be calculated at the earliest opportunity. Urgent negotiations should take place on the payments to be made to the staff concerned.
- (4) The 39 hour week should be applied to footplate grades without delay.

#### The Manning of Freight Trains

- (5) The NUR should confirm their agreement to three pilot schemes to test the validity of the Board's proposals for driver only operation on freight trains. All principles and detailed working arrangements should be agreed at RSJC (Traffic) and RSJC (Locomotive), including agreements on the specific trains which will operate under driver only conditions within the three services groups.

#### The Manning of Passenger Trains

- (6) It should be accepted that the new Bedford-St Pancras electrification service will be introduced as soon as technical and operational feasibility permits, based on driver only operation.
- (7) Principles and detailed working arrangements should be agreed at RSJC (Traffic) RSJ (Locomotive) and RSJC (General). Training of staff to prepare for any change in existing duties and responsibilities should start immediately.
- (8) Existing guards employed on the Bedford-St Pancras service should be retained and re-deployed on non-operational duties - for example improved customer services and the collection of revenue - for a minimum period of six months. At the end of this period the

results should be reviewed at RSJC (Traffic) and the parties should be free to decide whether or not to retain guards permanently for non-operational duties.

#### Single Manning on Traction Units

- (9) The parties should accept the need to discuss seriously the Board's proposals for the easement of conditions on single manning of traction units, within the terms and safeguards contained in sub-paragraph (d) of the 1981 Understanding.
- (10) These discussions should be based on an acceptance of the need for a negotiated agreement implementing sub-paragraph (d).
- (11) It should be recognised that each of the parties have available to them the provisions of the Machinery of Negotiation in the event of a failure to agree within a period of time which is acceptable to them.
- (12) If the use of this Machinery involves the use of the RSNT it should be accepted that arrangements will be made for a reference to take priority with arrangements for a hearing within thirty days.

#### The Trainman Concept

- (13) The NUR and the ASLE&F should agree to provide the Board with their joint proposals for implementing sub-paragraph (f) of the 1981 Understanding within a period of three months.
- (14) Once these result in agreement on the required changes in training and responsibilities, the Board should provide the unions with proposals for any appropriate changes in pay and grading.

- (15) It should be accepted that each of the parties has available to them the provisions of the Machinery of Negotiation which allow for a reference to the RSNT after expiry of the period above.

Additional Rewards for Changes in Responsibility

- (16) Where the implementation of the changes listed above directly affect the responsibilities of staff specific rewards should be negotiated under the terms of Paragraph (3) of the 1981 Understanding.

Further Progress towards improved Productivity

- (17) The unions should agree to discuss the proposals of the Board for further to maintain and improve productivity, as set out in Paragraph 43 of their submissions to RSNT 78. Every effort should be made to reach agreement on ways of securing union co-operation.

The Impact of the Present Financial and Market Position of the Industry on the 1982 Claim

- (18) The existing finances and associated operations of BR are at present the subject of detailed investigation by a Government Committee under the chairmanship of Sir David Serpell.
- (19) The industry faces an unprecedented situation as a result of an irrevocable loss of revenue arising out of recent industrial disputes.
- (20) We do not think we would be justified in assuming that this loss of revenue can be recovered in the form of an immediate and special grant from government.

- (21) We have therefore no alternative but to bear this fact in mind in deciding on the claim before us.
- (22) But the unusual and unprecedented events of this year should not be accepted as in any sense typical or likely to recur. Given continued co-operation along the lines advanced above, improvements in productivity and efficiency should make it possible to achieve advances in terms and conditions that are unfortunately not available this year.

Our Decision on the 1982 Claim

- (23) We wish to propose, a movement in rates that is not too far out of line with what would have been possible in normal circumstances. At the same time we appreciate that the short term cash flow problems of the Board are particularly difficult. This fact was reflected in the form taken by their original offer.

Given the present circumstances there are severe limits in what we can recommend to improve conditions of employment other than pay. However, we feel we can recommend that the parties should get together with a view to agreeing an additional days' holiday from 1983, and we see no reason why the increase we propose in rates of pay should not apply to the present MEL irrespective of age. We also feel it should be possible to increase the level of the MEL from the normal date of the annual increase.

We award, therefore as follows:

- (a) Rates of pay for staff covered by this reference should be increased by 6% from the 6th of September 1982.
- (b) The parties should get together with a view to agreeing an additional days' holiday to be effective in 1983.

- (c) The agreement implementing Minimum Earnings Level for staff covered by this reference should be increased by 6% from the 10th of April 1982.
- (d) The agreement implementing both awards should run until the 17th of April 1983. A further review should take place in time for the expiry of this agreement.

Further Recommendations:

- (24) when links are established between pay and productivity they should be clear and unambiguous.
- (25) Payments linked to specific changes should be estimated, agreed and paid at the earliest - ie those linked to the introduction of open station, flexible rosters for drivers, driver only operation the single manning of traction units and the trainman's concept.
- (26) The parties should consider ways in which changes in operational advances are reflected in pay movements and pay patterns.
- (27) We feel we can make three recommendations to help maintain the momentum towards higher productivity and improved conditions.
  - (i) When links are established between pay and productivity they should be clear and unambiguous. In this sense the terms of paragraph (3) of the 1981 Understandings are much to be preferred to the vaguer and more general provisions of paragraph (8) of the 1980 Settlement.
  - (ii) Payments linked to specific changes should be estimated agreed and paid at the earliest opportunity - for example those awaiting the

full implementation of the 1981 Understanding and linked to the introduction of open stations, flexible rosters for drivers, driver only operation, the single manning of traction units and the trainman concept.

- (iii) The parties should consider ways in which changes in operational advance are reflected in pay movements and pay patterns on a more stable and long term basis.

/Signed/ McCarthy (Chairman)  
G H Doughty  
E F Choppen

10 September 1982

## APPENDIX A

### UNDERSTANDING ON PRODUCTIVITY

1. The RSNC agrees that the discussions on productivity which took place at Watford on 15/16 July shall be resumed as quickly as possible within the appropriate sections of the RSJC and the results reported back to the RSNC.

2. When those discussions are resumed they shall take place on the basis of the following points agreed by the RSNC as a result of discussions held under the auspices of ACAS on 18/19 August.

(a) Open station concept

The parties accept the application in principle of this concept and agree that it will be possible to negotiate a specific agreement to introduce it. Negotiations shall be concluded on a basis for agreement by 31 October 1981.

(b) Manning of passenger trains

It is accepted that the introduction of the Belford-St Pancras electrification service in May 1982 presents the industry with the opportunity of a fundamental rethink of the whole concept of manning trains where modern stock is introduced into intensive commuter areas.

Without any preconceived conditions on either side discussions shall take place on the prototype system for the Bedford-St Pancras service.

(c) Variable rostering hours within limits to be negotiated

Negotiations shall take place to establish variations to the rostering agreements with a view to introducing some flexibility around the 8-hour day, but without producing unreasonable variation in the length of each working day or week. These discussions shall be concluded by 31 October 1981.

(d) Easement of conditions of single manning on traction units

Negotiations shall take place on the proposals relating to single manning conditions, on the understanding that provisions will have to be made for appropriate safety measures and that there should be no worsening of staff conditions. These discussions shall be concluded by 31 October 1981.

(e) Manning of freight trains

There shall be an immediate joint examination with a view to establishing to the satisfaction of the parties the circumstances in which some freight trains could be operated without guards. Two or three pilot schemes shall if possible be ready for introduction by 1 January 1982.

(f) The trainman concept

Major obstacles between the unions which have prevented progress in this area in the past are being resolved. The ASLE&F and NUR undertake to enter into immediate negotiations with the Board with a view if possible to concluding an agreement which would provide recruitment, training and promotion through the grade of trainman to driver or to other appropriate grades. The negotiations shall be concluded by 1 January 1982.

3. It is reaffirmed that specific rewards will be negotiated for those staff whose responsibilities are directly affected under these agreements.

20 August 1981