



Ann Austin

✓ Mr. Lyden  
Mr. Verden  
Mr. Dennis

CONFIDENTIAL

Prime Minister

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13/7

INDUSTRIAL ACTION IN GAS INDUSTRY


As you are aware, the Manual and Staff Gas Unions called an official one-day strike on Monday, 13 July, as part of their joint campaign against the Government's decision that the British Gas Corporation (BGC) should withdraw from gas appliance retailing and sell its showrooms.

The Unions stated that this was basically a "demonstration" to show the strength of feeling against the sale of the showrooms throughout the BGC workforce, but that if the Government did not change its decision they would take more severe and more prolonged action.

The BGC management's initial estimate is that about 100,000 of their total 106,000 workforce supported the strike. The majority of those remaining at work were from top management grades. The vast majority of gas showrooms and service depots were closed and headquarters offices only had a skeleton staff mainly comprising management. The main gas transmission and distribution network continued to function although the withdrawal of manual support from certain monitoring functions placed extra burdens on senior management.

The Unions claimed that in past disputes the management have tried to thwart strike action by defining tasks as having safety implications, thus falling within the 'emergency service' category. The emergency services were therefore one of the Unions' principal targets yesterday. The Unions' response to emergency calls varied from Region to Region: in some Regions the manuals withdrew all support and the senior management had to operate the emergency service: BGC say that they were able to cope without any serious risk to public safety but this was a serious development and they could not operate adequate emergency services during a protracted strike.





The Unions have stated publicly that they will institute more prolonged action in the Autumn if the Government proceeds with its proposals. This would, of course, bring us into the period of colder weather when customers using gas for space heating would be more at risk. Given the financial implications of an all-out strike for the Unions' members, the BGC management believe that the Unions will opt initially for selective strike action which could be just as damaging if the targets were carefully selected. Apart from the emergency services (which BGC are urgently considering how to maintain during a strike), the two prime targets would be the national gas transmission system and the regional distribution system. The national transmission system is centralised and highly automated but nevertheless is dependent for its continued operation on about 2,500 staff and without essential maintenance progressive closure of parts of the system would result, with loss of all gas supplies in the areas affected.

I met the Union representatives last Friday to discuss the Government's proposals and the possible effects on their members. I explained, as Norman Lamont and Sally Oppenheim have made clear, that the Government did not accept that the redundancies in BGC would be as severe as the Union claimed and that Union figures were absurdly exaggerated. I emphasized that the Government had promised wide consultations on the implementation of the proposals and that we should certainly be willing to have further discussions with the Unions in order to minimise the consequences for BGC employees.

N All in all I think the risks of further serious industrial action in the short term are limited. Provided the situation is handled with care, especially by the BGC, it may be possible to avoid serious action in the Autumn also. But the Unions have clearly demonstrated their power and we will continue to run the risk of action which could extend to gas supplies. I will continue to press BGC to proceed with care and we must avoid anything which would inflame the situation. I will keep the situation under review and report further as it develops.

I am copying this to Cabinet colleagues and to Sir Robert Armstrong