OPERATING AND ADMINISTRATIVE ECONOMIES

So far, attention has been devoted to the consideration of changes in the broad pattern of the Railways' activities, but the large scope for economies by improving the way in which things are done is not being neglected. It is impossible to describe all the steps which are being taken, but since it is not very convincing merely to mention the matter without giving any details, some of the more important and interesting activities are touched upon below.

Railway costs are, to a predominant degree, incurred on a time basis, over 60 per cent. of the total is the cost of manpower, and the greater part of the remainder is the cost of providing equipment. Costs which are the equivalent of raw material cost in a manufacturing industry are comparatively small. There are, therefore, real opportunities for cost savings by improving the effectiveness with which men and machines are employed. For example, great scope for economy lies in the improvement of utilisation of locomotives, wagons, containers, coaches, cartage vehicles and the staff associated with their use and maintenance.

An important element is maintenance. Maintenance practices are being subjected to much closer control, and, helped by the reduction in the steam locomotive fleet and the elimination of the older types of wagon and coach, the annual burden is already being very considerably reduced.

The workshops are being rationalised and, apart from the fall in the work load which is already taking place and which may be accelerated, this will result in a reduction of £4 m. in standing charges by 1966.

There is considerable scope for the introduction of mechanical handling equipment to deal more efficiently with existing traffics. The assistance of expert consultants in this field has been enlisted to study methods of handling and carrying parcels and freight sundries. Worthwhile improvement, leading to increased efficiency and greater reliability of service, is expected.

Progress is being made in rationalising the multiplicity of specifications for equipment, materials and stores. This should lead to cost reductions on components manufactured in the workshops and price benefits on purchases from suppliers. A saving of only 1 per cent. on purchase prices for materials would represent £1 m. per annum. Reduction in stocks of stores is being actively pursued and, during 1962, the capital tied up in this way was reduced by £15 m.

In 1961, operation of the railway-owned road vehicle fleet cost £22 m. Study of existing operating practices, standardisation, and improved maintenance techniques should reduce the fleet and improve operations and service. In this field also, the help of experienced operators has been sought. Already it has become apparent that any extra cartage arising out of line and station closures can be undertaken without any addition to the total fleet and staff.

In 1957 an agreement was made in regard to manning of diesel and electric locomotives and multiple units. The contribution made by the Unions was of considerable value. The rapid development of the new forms of traction makes it desirable to seek agreement to further progress in the field of train manning, and discussions are taking place.

Maintenance of signalling equipment, production and repair of wagon sheets, creosoting of timber, quarrying, and concrete component manufacture, are all examples of widely diverse activities associated with the railway, which are being subjected to study and thought.

Documentation imposes a heavy burden upon almost every form of railway activity and it is a field in which considerable economies can be found by simplifying procedures.

At centres where large numbers of men are employed it is always possible to improve productivity. One adverse factor of importance is partitioning of duties and multiplicity of staff grades. This is a field in which big improvements can be made, with Union help.

Because of the nature of the business, the efficiency of the railways is influenced by the decisions of a large number of people in charge of widely dispersed local operations, from District Officers down to station masters, yard masters, and others. The arrangements to ensure that all these people become better acquainted with the costs of the operations which they control are being steadily improved with encouraging results.

Savings are also expected in the interest burden, and in bank charges, through the tight control of credit, the better use of funds, and the rationalisation of banking services.

Work study techniques have been applied to a variety of railway activities, but most extensively to permanent way maintenance. In collaboration with the Unions, efforts are constantly being made to extend these techniques over a wider field of work.

REDUCTION IN MANPOWER

The changes proposed in foregoing parts of the Report are expected to lead to very substantial economies and, since staff cost is such a high proportion of total cost, this inevitably means that there must be associated reductions in the number of people employed. The Board is very conscious of the human problems which this will cause, but, as will be seen from what follows, the necessary reductions can be achieved by some acceleration of a process which is already in train, rather than by creation of redundancy upon a completely new scale.

The number of staff employed on the railway in all grades at 29th December 1962, was 474,538, broadly divided as follows:—

Grade	*Number*
Administrative, technical and clerical	71,933
Station masters, supervisors and control staff	22,488
Traffic wages staff	223,346
Maintenance and construction	145,399
Miscellaneous	11,372
	474,538

and the way in which staff has been reduced over a period of years is shown by the following table:—

Year	Number of staff	Cumulative reduction on 1948	
1948	648,740	*No.*	*per cent*
1953	593,768	54,972	8.5
1958	550,123	98,617	15.2
1959	518,863	129,877	20.0
1960	514,500	134,240	20.7
1961	500,434	148,306	22.9
1962	474,538	174,202	26-9

Annual reductions have been continuous, and that for 1962 was 25,896, but it has been possible to bring them about with less widespread disturbance than might be supposed because there is a high natural wastage of staff, and a total replacement rate of around 80,000 per year.

The extent to which the rate of reduction will be accelerated cannot be forecast with accuracy, because most of the changes will be of a continuing nature with no precisely foreseeable end point, and because the rate at which some changes can be made will depend upon external factors which are not under the control of the railways.

The effect of the closures of services, lines and stations which are firmly proposed can be assessed fairly closely, and is rather less than might be expected. This position arises because there has long been an awareness of the poverty of these parts of the system, and staff has already been brought down as far as possible, consistent with safety and the pattern of service still being given.

As a consequence, closures of lightly used parts of the system cause staff reductions which are far from proportional to the number of stations or the route mileage affected.

The distribution of 73,551 staff of one of the larger Regions, between stations, depots, yards and all other points of employment, is shown in the following table—

TABLE SHOWING STAFF DISTRIBUTION BY STATIONS AND DEPOTS

Range	Stations and depots		Staff		Cumulative figures			
	Number	Percentage of total	Number	Percentage of total	Stations and depots	Per cent	Staff	Percent
Up to 5	251	30.0	762	1.0				
6-10	147	17.6	1,162	1.6	398	47.6	1,924	2.6
11-20	195	23.3	2,926	4.0	593	70.9	4,850	6.6
21-50	118	14.1	3,650	5.0	711	85.0	8,500	11.6
51-100	40	4.8	2,771	3.7	751	89.8	11,271	15.3
101-200	32	3.9	4,540	6.2	783	93.7	15,811	21.5
201-300	13	1.5	3,270	4.4	796	95.2	19,081	25.9
301-500	12	1.4	4,810	6.6	808	96.6	23.891	32.5
501-1,000	15	1.8	10,249	13.9	823	98.4	34,140	46.4
1,001-2,000	7	0.9	10,920	14.9	830	99.3	45,060	61.3
2,001-3,000	1	0.1	2,641	3.6	831	99.4	47,701	64.9
3,001-4,000	1	0.1	3,946	5.3	832	99.5	51,647	70.2
4,001-5,000	2	0.25	8,444	11.5	834	99.8	60,091	81.7
Over 5,000	2	0.25	13,460	18.3	836	100.0	73,551	100.0

The best estimate that can be made of the number of staff whose services will no longer be required in connection with the operation of the passenger services listed in Appendix 2 is 16,200. They are, of course, spread over the country, and the number includes those affected by closures which were already in the process of being dealt with in August 1962, and which were suspended until this plan appeared.

Subsequent complete closure of lines, after arrangements have been made to retain any good rail freight which they carry, will add to the number of staff displaced. A first assessment of the effect of the more obvious cases puts the number at 10,900 but, as in the case of the passenger services, reshaping will be a continuous process and further reductions will follow.

Like other changes, introduction of the freight sundries plan will be a progressive process, but when it is fully developed, it will lead to a direct reduction in supervisory, clerical and handling staff, which is estimated to be 8,600, to which must be added a longer term saving of train working and maintenance staff estimated to be 4,900.

Reductions in coaching and wagon stock, and in locomotives, may make it necessary to re-examine the workshop position, once implementation of the plan is well under way, although reductions of the order of those proposed were taken into account in the recently prepared Workshop Plan.

Indirect savings in administrative staff will accrue when reductions in services have a group effect. In addition, the wholesale re-diagramming of locomotives, multiple units, coaches and trainmen, which will be made possible when a certain stage of withdrawal has been reached, will lead to better utilisation of what remains. Determination of the future position of

alternative main routes, and large termini serving the same places, will result in further savings.

The manpower reductions likely to result from all these changes cannot yet be established. However, preliminary examination in some areas leads to the conclusion that the figures given for direct savings from line closures will be no more than one half of those which will ultimately be achieved.

For the financial well-being of the railways, it is necessary that changes be made as quickly as possible, but there will be many retarding factors.

Hitherto, station closures, withdrawals of passenger services and curtailments of freight facilities, have been pursued at a rate which was very largely governed by the management's capacity to investigate, document- and present a succession of individual cases to both Transport Users Consultative Committees and Staff representatives. As a consequence, it has taken 12 years to withdraw unprofitable passenger or freight services from 4,236 route miles.

Effective implementation of the plan will depend upon a speedier realisation of intentions than has been found possible in the past. Even so, a staff displacement will clearly be a continuing process over a number of years, and the average rate of reduction need not be very much higher than the 1962 rate. There may, however, if the consultative procedure operates with reasonable speed, be an initial period when the closure of the passenger services and of some lines will release staff at a higher rate than the expected average. In part, this will be due to the holding back of cases which were in the pipeline last August.

Fortunately the extent to which men will have to be discharged will be far lower than the annual reductions in manpower. Natural wastage is such that the major part of the reductions can be brought about by strict control of recruitment, and this control will be facilitated by the existence of a clear cut plan. Even so, because the pattern of staff displacement will not match the pattern of wastage, problems will also arise from the necessity for extensive re-deployment of people.

The Board is keenly aware that a large scale reorganisation of the kind outlined in this Report is bound to cause hardship to some people and inconvenience to many others, and has prepared to ameliorate these difficulties as far as possible.

The established arrangements for redundancy have been revised and men who have to move from their appointed post to another one in a lower grade will in future retain their old rate of pay for up to five years, unless they can be reinstated in their former grade in the meantime. If they have to move home, there are substantial payments to meet their removal costs.

For those who have to be discharged, either because there is no other work which they can go to, or who elect to leave rather than move to other work, there will be adequate periods of notice during which they will be able to travel free and with pay to seek other employment. Also, there will be substantial resettlement payments.

The scheme for resettlement payments, which has recently been agreed with the Railway Trade Unions, provides for lump sum payments which depend upon length of service, plus continuing weekly payments over a period related both to length of service and age. The continuing payments are designed to help men while they are seeking other employment. For

some long service men, lump sums may amount to nearly £500, and weekly payments to supplement unemployment pay may continue for a year.

In addition, of course, efforts will be made to help men to find new employment, by using existing machinery for placement and re-training, and by consultation with other employers.

On the positive side, the Board hopes that formulation of a realistic plan will restore confidence in the future of the railways and remove the anxiety which has existed in the minds of many for some years. A vigorous and efficient railway system, of the right size and pattern, will be able to offer good employment and wide opportunities for promotion to the large number of staff who will remain, and to those who will come in future.