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PART A

Part A.

CONFIDENTIAL

(Circulate under cover and notify REGISTRY of movement)

MANAGEMENT - IN - CONFIDENCE

Begins: 22/6/88

Ends: 11/11/88



PO -CH /NL/0260



PART A

Chancellor's (Lawson) Papers:

GOVERNMENT
COMMUNICATIONS
HEADQUARTERS
VULNERABILITY TO STRIKE
ACTION

Disposal Directions: 25 Years

28/9/95

NL/0260

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PO

PART A

CONFIDENTIAL
AND
MANAGEMENT IN CONFIDENCE

FROM: ANNE MUELLER
DATE: 22 June 1988

CHANCELLOR

cc Paymaster General
Mr Anson
Dr Freeman
Mr C W Kelly
Mr Strachan
Mr Beard
Mr Pettifer

Ch/draft A ("here's the report")

or B ("thanks, I now have a report")? B

And do you want me to write round
as suggested at para 7? Yes - 24/6

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

X Lord Young wrote to you on 2 September last voicing concern about the vulnerability of Government computer systems to industrial action and suggesting that a report be prepared on the extent of departments' contingency measures and the options for further reductions in vulnerability. Lord Young wrote shortly after the end of the 1987 pay dispute, in which a number of Government computer operations were affected, notably the main VAT computer at Southend. The Paymaster General replied on 17 September saying that departments had already been asked to review their contingency arrangements but that he would ask officials to review the situation.

2. The attached paper has been prepared in response to Lord Young's initiative. It reflects discussions which have been held with major departments and with the Cabinet Office, who are responsible for civil contingency planning. As is made clear, the paper is largely concerned with the risks posed by industrial action and does not deal with other potential causes of disruption to computer operations, which were the principal subject of a report on Computer Security in Government Departments published by the National Audit Office towards the end of last year. The PAC also issued a report last month on computer security in the wake of the NAO's findings, but this similarly did not deal in any detail with industrial action.

3. It is policy that individual departments should carry responsibility for ensuring that their contingency plans are

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adequate and subject to regular review. It would be neither desirable nor really practicable for the centre to attempt to second guess the detail of departments' plans. However, we clearly need to be satisfied that such plans exist and are in good order, and departments are asked periodically for assurances. Earlier this year Permanent Secretaries were asked to check personally that their contingency arrangements were in good order, and their departments were also asked to give a broad indication of which were the most important systems and how far contingency plans could be deployed to counter industrial action. A summary is annexed of the most important computer operations and the measures which could be invoked if they were severely disrupted by industrial action. (This is obviously a sensitive document and we do not propose to circulate it outside the Treasury).

4. Although we are not in a position to second guess departments on the detail of their contingency planning, there is evidence that some are more assiduous than others and that more might be done in certain areas to reduce vulnerability further. This will be pursued with the departments concerned. However, significant progress is being made in a number of areas, notably within DHSS, to minimise the dangers posed by industrial action. And in securing a facilities management operation for their CHIEF project, Customs have done much to remove the risk of industrial action on that important front. It is possible that they may seek a similar arrangement for the VAT operation, which is currently under review.

5. The paper recommends that departments should submit regular reports to Ministerial heads about the current state of contingency planning for industrial action affecting computer systems. This might most appropriately be done at the same time as departments respond to the Cabinet Office's annual review of the Civil Emergencies Book. It is felt that this would serve as a useful discipline and lessen the risk of complacency.

6. If you are content you may like to write to Lord Young along the lines of draft 'A' enclosing the report. Alternatively,

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since this is not strictly DTI business, you may prefer simply to tell Lord Young that you have had a report on the subject and what you propose to do about it, on the lines of draft 'B'.

7. We will provide a further draft for your private office to send to those of Cabinet colleagues, asking departments to set up a regular reporting regime, if you agree that that would be helpful.

asm

ANNE MUELLER

COMPUTER OPERATIONS OF MOST IMPORTANCE TO GOVERNMENT ADMINISTRATION

This annex outlines the computer operations most important to Government, and the contingency measures available to deal with industrial action affecting these operations.

Inland Revenue

2. Most vulnerable installations are Cumbernauld and Shipley, which collect most of IR duties and NICs - approx £90 billion p.a. In worst eventuality would be possible to keep largest amounts flowing by manual means. Less concern about Worthing, which is largely responsible for repayments and for pay of IR staff. Telford - a development centre - could be vulnerable to long term problems but there are sufficient senior managers to keep it going for a short period. There are also 11 processing centres which management could keep going.

Customs & Excise

3. Most important operations are:-
- collection and repayment of VAT
 - freight clearance
 - Revenue collection

If collection and repayment of VAT is disrupted special arrangements can be introduced for collection of payments by large payers. Measures such as off-setting payment of VAT and other taxes against repayments not received would mitigate worst effects for larger businesses as regards repayments, but many small businesses would have to bear full brunt of reduction in cash flow.

4. Freight clearance at major ports and airports is carried out

by system run by BTAT and computer operators are not Civil Servants. Risk of sympathetic action by these staff much reduced under current legislation. Difficulties would arise in collection of deferred duties which amount to up to £1650 million per month. Fallback arrangements should ensure collection of about 95% of deferred duties.

DHSS

5. Most vulnerable installations are unemployment benefit, retirement pension and child benefit computers at Reading and Livingston, Newcastle and Washington. In event of industrial action at any or all of these manual arrangements would have to be deployed. However DHSS have been looking at alternatives, not least privatisation. Eg, the NUBs computers at Reading and Livingston are old and currently employ 600 staff. Tenders from companies have suggested that work could be undertaken by far fewer people and work could be put beyond reach of CS unions. DHSS have also been testing a system at Lytham which could be converted to take on retirement pensions as a backup to the existing arrangements at Newcastle. Income support could also be transferred to three other centres, and all could be put out to private sector.

MAFF/IBAP

6. Main concerns are payment of EC export and other subsidies to food and agricultural sectors & grants to farming industry. Delay in payments would have serious effect and could lead to payment of interest charges by Exchequer. Limited manual procedures could be used in very exceptional circumstances. If industrial action lasted more than 2 weeks serious difficulties would arise. Currently establishing an arrangement in principle with external bureau under which selected systems may be transferred at reasonably short

notice.

DEM

7. If computer payments were stopped by closure of Reading and Livingston Computer Centres, management can revert to a clerical system, paying claimants by manually produced girocheques. This worked effectively during the 1987 pay dispute.

PGO

8. Payment of public service pensions depends wholly on operation of complex computer system. Scale of operation in relation to size of department makes any comprehensive manual alternative system impracticable. Main counter-measures would be to re-run BACS tapes, arrange for Post Office to continue payments at current rates on presentation of expired books, and (where the above measures were inappropriate) to make as many manual payments as resources and circumstances allowed.

Scottish Office

9. First priorities in event of major disruption are payment of student grants and teachers' pensions, for which contingency plans exist. Clerical back-up would be provided for other payments. Key data registers backed up by copies held at dispersed sites. Vulnerability to industrial action considerably reduced since 1979 and contingency planning taken very seriously.

June 1988

COMPUTER VULNERABILITY TO INDUSTRIAL ACTION**Note by the Treasury****Introduction**

1. The Secretary of State for Trade and Industry wrote to the Chancellor of the Exchequer in September 1987 expressing concern about the vulnerability of Government computer systems to industrial action. He suggested that a report should be prepared on the extent of departments' contingency measures and the options for further reductions in vulnerability. This note, prepared in consultation with the Cabinet Office, and following discussion with departments, is submitted in response to the Secretary of State's request. It concentrates chiefly on problems posed by industrial action and does not attempt to address in detail other potential sources of disruption to computer operations.

Reports by NAO and PAC

2. Towards the end of 1987, and following a separate review which commenced before the approach from the Secretary of State, the National Audit Office issued a report on Computer Security in Government Departments. The report mentioned industrial action as one of a number of key security risks faced by Government computer installations. While it only touched on contingency

planning for industrial action and did not comment on how the threat posed by such action might be reduced, it concluded that there was "a potentially serious failure by departments to draw up and test contingency plans to cope with computer disasters. The lack of these plans, and in particular the absence in many cases of effective stand-by arrangements, increases the risk of major disruption to departments' activities in the event of prolonged loss of computing facilities."

3. In the wake of the NAO study the Public Accounts Committee issued a report on 12 May 1988 on computer security in Government departments. The report, inter alia, echoed the NAO's concern that not all departments had effective contingency plans in place to deal with computer disasters and endorsed the need for further Treasury guidance, which should include a reminder to departments of the need for early action to complete their plans and a request for confirmation that this had been done. This concern is being brought to departments' attention and they will be reminded of the Treasury's guidance on the formulation of such plans.

Awareness of vulnerability to industrial action

4. The Treasury has for some time been drawing departments' attention to the vulnerability of Government computer operations to industrial action and to the need for as much as possible to be done to reduce this vulnerability. In 1983 Sir Robert Armstrong wrote to

heads of departments about the increasing dependence within the Civil Service on telecommunications links and the need for measures to be taken to reduce vulnerability to sustained and widespread failure of these links, whether caused by industrial action or by other factors. Similarly, following the 1984 DHSS Newcastle dispute, departments were reminded of the importance of maintaining proper contingency arrangements. Early on in the 1987 pay dispute the Treasury asked departments for an assurance that their contingency plans were in order, and those with major computer installations were asked to consider whether additional steps could be taken to ensure that public business could be maintained in the event of all-out strike action. Earlier this year Permanent Secretaries were asked to check personally and to give assurances that their contingency plans for industrial action were in good order and subject to regular review. Their departments have also indicated which are the most important systems and how far contingency plans could be deployed to counter disruptive action.

5. In addition, as part of the annual review of the Cabinet Office Civil Emergencies Book, departments are asked for information about their vulnerability to industrial action and for broad details of the contingency measures which could be invoked. In the course of the 1987 review, and at the suggestion of the Treasury, the Cabinet Office placed particular emphasis

on vulnerability of computer operations given the possibility of major industrial action being taken by civil servants during the dispute over pay.

Contingency Arrangements

6. Although an important factor, industrial action is not the only risk which must be considered in determining the degree of resilience which should be built into a particular computer system. There are many other possible threats to a system's operation, eg equipment or power failure, programmer or user error, infiltration. It is essential that resilience to loss or denial of service for whatever reason is considered in initial system design and subsequently as part of contingency planning (the CCTA has developed a risk assessment methodology (CRAMM) which departments can use to assist this process). Consideration must of course also be given to how far it is worth paying an insurance premium in order to secure a reasonable measure of resilience, whether it be against industrial action or other factors.

7. It is policy that departments should carry responsibility for considering resilience, stand-by and recovery as part of their early planning and system design stages, though with central advice from CCTA. Individual departments therefore have to ensure that contingency arrangements are in place to deal with industrial action. It would be wrong and probably inpracticable for the central departments to second guess

the detail of these contingency plans. But it is the central departments' responsibility to satisfy themselves that this planning has been done and is kept up to date, not least because of the political implications for them if it has not. In examining departments' programmes for computer expenditure, Treasury Expenditure Divisions therefore need to assure themselves that cost-effective steps are taken to minimise risks arising from industrial action. And departments need to be asked periodically for assurances that contingency plans are in hand. The Cabinet Office Civil Emergencies Book contains a broad outline of the contingency measures adopted by individual departments.

8. The major considerations which have been highlighted in discussion with departments are as follows:-

(a) Deciding priorities

In assessing vulnerability to industrial action it is important to determine the extent to which individual systems are at risk and the financial and/or political damage which may result if a particular system is affected. The two factors will often be interrelated, in that unions will be likely to concentrate on those systems the disruption of which holds the prospect of causing greatest difficulty for the employer. But departments need to consider what their priorities are and, given limited resources, concentrate these in the areas

where damage can least be afforded. Analysis of previous industrial action may serve to highlight the areas which are most vulnerable.

(b) Distribution

The potential damage from industrial action may be diluted if operations are diverted into a number of installations in different parts of the country. DHSS are pursuing this policy, for example, with the setting up of Area Computer Centres, each of which will be capable of taking on work from another. Distribution may become significant in the light of the balloting provisions in the 1988 Employment Act, which place emphasis on how union members ballot at individual locations rather than in aggregate. However, the extent to which distribution is practicable and/or cost-effective must depend very much on the particular circumstances of each case, and it is difficult to make generalisations.

(c) Use of Consultants

Use of outside consultants further reduces the prospect of unacceptable damage resulting from industrial action, and may indeed arise as a direct result of such action having been taken by civil servants. DHSS are again an example, they having brought in consultants to deal with some of the social security reform work which had been disrupted

by industrial action during the 1987 pay dispute. In the Corcordat reached with the then SCPS in 1987 the union specifically recognised that circumstances may arise when use of consultants (and other non-permanent staff) may be justified, and full use should be made of this. Whether employment of consultants should be considered solely as a means of minimising vulnerability to industrial action will depend on circumstances. There may be a short-term/long-term trade-off in the sense that the use of consultants may itself provoke industrial action.

(d) Contracting Out

Large-scale contracting out of computer work is already happening in certain areas. The intention for the proposed Government Data Network to be run on a facilities management basis is an example. A major stimulus for such initiatives will be the quest for value for money, but removal of work from the Government ambit also serves to lessen the risks of disruption always assuming, of course, that the contractor is himself less likely to be subject to these risks. Circumstances may arise in which, in order to secure an acceptably low level of vulnerability to industrial action, there will be justification for contracting out even though this involves paying an additional premium over a comparable in-house option and even though this may itself carry a risk of provoking industrial action.

Customs' recent decision to run the CHIEF project on a facilities management basis and to set up a review of the VAT operation are examples, though the need to minimise vulnerability to industrial action has not been the only consideration.

(e) Selection of Staff

Discretion needs to be exercised in the matter of recruitment and transfer to posts in computer establishments, as in any sensitive area. As far as practicable, steps should be taken to ensure that staff are not posted to key computer work if they have a known history of industrial action, and that those already in situ who have shown a disposition to take disruptive action are moved to less sensitive areas. Given the current shortages of computer staff this is perhaps more easily said than done; however, it cannot be sensible wholly to ignore the problem and to make postings regardless of the industrial action history of the individuals concerned.

(f) Recruitment/Retention of Staff

In the report referred to earlier the PAC reaffirmed their concern about the problem of recruiting and retaining specialist computer staff and recommended that the Treasury continue to keep the situation under review. The Treasury is already examining the problems of wastage in the ADP field and how

these might be resolved or at least ameliorated. Pay is a significant factor, but not the only one. Proposals for the creation of an occupational group which would allow the prospect of a more attractive career in IT in Government are currently under consideration.

9. A further way of potentially reducing vulnerability to industrial action would be to enter into some form of no-strike arrangement with the unions covering ADP staff, either nationally or departmentally. However there are powerful arguments against such deals in the public sector. Even if unions could deliver their members (which must be doubtful) the cost of the essential quid pro quo, binding arbitration, would almost certainly be unacceptable.

Conclusion/Further Action

10. It will never be possible totally to eliminate the risk of disruption to computer operations from industrial action. There will always be some element of vulnerability. Apart from technical considerations there are also questions of cost. Many but not all of the strategies which have been or might be pursued to increase resilience can be more expensive than the alternatives, eg in terms of additional equipment, contracting out or dispersal. Departments generally however are now more sensitive to the need to build

resilience into the initial planning phase of new systems and to ensure that there is regular monitoring and updating of contingency plans for existing systems. A lot has been done with the help of CCTA to identify the more sensitive systems and to endeavour to reduce their vulnerability within the constraints of what is possible. But the 1987-88 rounds of consultation with departments (para 4 above) suggest that more could be done further to reduce vulnerability to industrial action, and the Treasury will be pursuing this with the departments concerned.

11. The exercises to remind departments of their responsibilities which have been mounted in the past have been somewhat ad hoc in nature, and for the future it is proposed that a more regular system should be introduced. Such a system would require departments to submit a report to their Ministerial heads about the current state of contingency planning for industrial action affecting computer operations - for convenience this could be done at the same time as departments respond to the Cabinet Office's annual review of the Civil Emergencies Book. The Treasury would not necessarily wish to see these reports as a matter of course, but as hitherto would reserve the right to ask departments as appropriate for an assurance that their contingency plans were in good order. If ~~Treasury~~ Ministers are content, action will be taken to set this up.

June 1988

DRAFT LETTER FROM THE CHANCELLOR TO:

The Rt Hon Lord Young of Graffham PC
Secretary of State for Trade and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON SW1H 0ET

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

You wrote to me on 2 September last expressing concern about the vulnerability of Government computer systems to industrial action and suggesting that a report should be prepared on the extent of departments' contingency measures and the options for reducing vulnerability further. Peter Brooke replied on 17 September saying that departments had already been asked earlier in the year to review their contingency arrangements but that he agreed officials in the Treasury and other departments should get together to review the overall situation as you had suggested.

2. The review has culminated in the attached paper which my officials have prepared following discussions with major departments and in liaison with the Cabinet Office, who as you know are responsible for civil contingency planning. The paper concentrates mainly on problems posed by industrial action and does not attempt to consider in detail other sources of disruption to computer systems, which - since you wrote - have been the subject of reports by the NAO and PAC.

3. As the paper makes clear, it is for individual departments to ensure that their contingency arrangements are in good order and are regularly reviewed. However, departments are periodically asked for assurances about this, and Permanent Secretaries have already been asked this year to check personally that their contingency arrangements are in good order. Although, inevitably,

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the paper concludes that there is no universal solution to the problem, it highlights a number of factors which should be considered in seeking to minimise vulnerability to industrial action, some of which have already been successfully acted upon. Clearly, the situation must continue to be reviewed and, where sensible and practicable, new initiatives taken to reduce the scope of the problem further. The paper recommends, and I very much agree with this, that the past ad hoc exercises to remind departments of their responsibilities should in future be placed on a more formal footing, and that Ministers should receive regular reports about the current state of contingency planning for industrial action affecting computer operations in their departments. Departments are asked by the Cabinet Office each year for information about contingency arrangements and it might be convenient for reports to Ministers to coincide with that.

My private office will be writing to those of Cabinet colleagues suggesting that regular reporting arrangements should be set up along these lines .

4. I am copying this letter, with the paper, to the Prime Minister and Sir Robin Butler.

NIGEL LAWSON

CONFIDENTIAL
AND
MANAGEMENT IN CONFIDENCE

~~DRAFT B~~

DRAFT LETTER FROM THE CHANCELLOR TO:

The Rt Hon Lord Young of Graffham PC
Secretary of State for Trade and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON
SW1H 0ET

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(M)

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

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3. The report recommends, and I very much agree with this, that the past ad hoc exercises to remind departments of their responsibilities should in future be placed on a more formal footing, and that Ministers should receive regular reports about the current state of contingency planning for industrial action affecting computer operations in their departments. Departments are asked by the Cabinet Office each year for information about

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AND
MANAGEMENT IN CONFIDENCE

contingency arrangements and it might be convenient for reports to Ministers to coincide with that. My private office will be writing to those of Cabinet colleagues suggesting that regular reporting arrangements should be set up along these lines.

4. I am copying this letter to the Prime Minister and Sir Robin Butler.

NIGEL LAWSON

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AND
MANAGEMENT IN CONFIDENCE



CC- PMG
Mr ANSON
DAME ANNE MORRIS
Mr COWLEY
Dr FRETWELL
Mr STACHEN
Mr BEARD
Mr PETER

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

The Rt Hon Lord Young of Graffham PC
Secretary of State for Trade and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON SW1H 0ET

BF 7/6
~~8/6~~
11/7

4 July 1988

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

You wrote to me on 2 September last expressing concern about the vulnerability of Government computer systems to industrial action and suggesting that a report should be prepared on the extent of departments' contingency measures and the options for reducing vulnerability further. Peter Brooke replied on 17 September saying that departments had already been asked earlier in the year to review their contingency arrangements but that he agreed officials in the Treasury and other departments should get together to review the overall situation as you had suggested.

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The report recommends, and I very much agree with this, that the past ad hoc exercises to remind departments of their responsibilities should in future be placed on a more formal footing, and that Ministers should receive regular reports about the current state of contingency planning for industrial action affecting computer operations in their departments. Departments are asked by the Cabinet Office each year for information about contingency arrangements and it might be convenient for reports to Ministers to coincide with that. My private office will be writing



to those of Cabinet colleagues suggesting that regular reporting arrangements should be set up along these lines.

I am copying this letter to the Prime Minister and Sir Robin Butler.

A handwritten signature in black ink, appearing to read 'Nigel Lawson'.

NIGEL LAWSON

FROM: A F JACKSON
DATE: 11 JULY 1988

APS/CHANCELLOR

cc: Paymaster General
Mr Anson
Dr Freeman
Mr C W Kelly
Mr Strachan
Mr Beard
Mr Pettifer

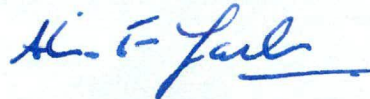
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content for me to
write round as behind?

OK in
m.p.v. 11/7

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

The Chancellor has now written (4 July) to Lord Young along the lines of draft B attached to Dame Anne Mueller's submission of 22 June.

2. As requested I now attach a further draft letter to be sent to the private offices of all Ministers in charge of departments suggesting that regular reporting arrangements should be set up.



A F JACKSON
PS/DAME ANNE MUELLER

Final

~~Can/do you want this written in such a personal way? If not, could amend as shown M.P.S.~~

DRAFT LETTER

PS/Secretary of State for the Home Department
Home Office
Queen Anne's Gate
LONDON SW1

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

Treasury officials, in consultation with other departments have

~~[The Chancellor has]~~ been reviewing the vulnerability of Government computer systems to industrial action and the ^{adequacy} ~~[extent]~~ of departments' contingency measures for dealing with potential disruption ~~[on the basis of]~~ a report prepared by the Treasury after consultation with departments. ^{The Chancellor has considered their report and agrees with its conclusion} [He has concluded] that it is desirable for departments to review the adequacy of their arrangements on a regular basis in future.

2. I am therefore writing to ask if ~~[the private offices of]~~ all Ministers in charge of departments would take appropriate steps to ensure that formal and regular reporting arrangements are established within their departments. It must be for individual departments to determine the precise nature of these arrangements, but it is suggested that reports might be submitted at the same time as departments respond to the Cabinet Office's annual review of the Civil Emergencies Book (ie around mid-year). The reports should confirm that contingency arrangements exist and are in good order, and where appropriate should detail what further measures are being or could be taken to reduce vulnerability to industrial action further.

3. I am copying this letter to No. 10, to the private offices of Cabinet colleagues, of Richard Luce, Patrick Mayhew and Chris Patten and to Sir Robin Butler.

MOIRA W —

PRIVATE S —

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AND
MANAGEMENT IN CONFIDENCE



CC - AMG
Mr Anderson
Dr Freeman
Mr C. Whelan
Mr A. Jackson
Mr S. Spence
Mr P. B. B. B.
Mr Pettifer

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

12 July 1988

PS/Secretary of State for the Home Department
Home Office
Queen Anne's Gate
LONDON SW1

Dear Philip,

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

Treasury officials, in consultation with other departments have been reviewing the vulnerability of Government computer systems to industrial action and the adequacy of departments' contingency measures for dealing with potential disruption. The Chancellor has considered their report and agrees with its conclusion that it is desirable for departments to review the adequacy of their arrangements on a regular basis in future.

I am therefore writing to ask if all Ministers in charge of departments would take appropriate steps to ensure that formal and regular reporting arrangements are established within their departments. It must be for individual departments to determine the precise nature of these arrangements, but it is suggested that reports might be submitted at the same time as departments respond to the Cabinet Office's annual review of the Civil Emergencies Book (i.e. around mid-year). The reports should confirm that contingency arrangements exist and are in good order, and where appropriate should detail what further measures are being or could be taken to reduce vulnerability to industrial action.

I am copying this letter to Paul Gray, to the private offices of Ministers in charge of Departments, and to Sir Robin Butler.

Yours,

Moira Wallace

MOIRA WALLACE
Private Secretary

MANAGEMENT IN CONFIDENCE



FROM: A A DIGHT
DATE: 14 July 1988

Handwritten initials

MR A F JACKSON

cc Mr J Anson

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

... The attached letter from Moira Wallace to PS/Secretary of State for the Home Office, has now also, been copied to all of the Chancellor's Departments.

Handwritten signature of A A Dight

A A DIGHT



Treasury Chambers, Parliament Street, SW1P 3AG;
01-270 3000

12 July 1988

PS/Secretary of State for the Home Department
Home Office
Queen Anne's Gate
LONDON SW1

Dear Philip,

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

Treasury officials, in consultation with other departments have been reviewing the vulnerability of Government computer systems to industrial action and the adequacy of departments' contingency measures for dealing with potential disruption. The Chancellor has considered their report and agrees with its conclusion that it is desirable for departments to review the adequacy of their arrangements on a regular basis in future.

I am therefore writing to ask if all Ministers in charge of departments would take appropriate steps to ensure that formal and regular reporting arrangements are established within their departments. It must be for individual departments to determine the precise nature of these arrangements, but it is suggested that reports might be submitted at the same time as departments respond to the Cabinet Office's annual review of the Civil Emergencies Book (i.e. around mid-year). The reports should confirm that contingency arrangements exist and are in good order, and where appropriate should detail what further measures are being or could be taken to reduce vulnerability to industrial action.

I am copying this letter to Paul Gray, to the private offices of Ministers in charge of Departments, and to Sir Robin Butler.

Yours,

Moira Wallace

MOIRA WALLACE
Private Secretary

FROM: E A JOHNSTON

DATE: 22 July 1988

Paymaster General's Private Secretary

cc Moira Wallace ✓

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

A circular from the Chancellor's office has asked all ministers to ensure that reporting arrangements on this topic are established, and reports are to be submitted at the same time as the annual review of the Civil Emergencies Book. As we do not contribute to this review, I am reporting now on our computer arrangements.

Our systems are such that there is little exposure to risk of industrial action, because we do not have specialist ADP staff. The facilities are used directly by operational staff.

We are exposed to risk of industrial action at an outside bureau, but we are planning to bring this work in-house during the coming months. At present we have no special procedures to meet this risk, but the bureau staff would hardly be likely to take industrial action directed at the government.

EAS

Actioned
by PMG's
office

~~pl action is~~
Done Ann M
if PMG not

E A JOHNSTON
Government Actuary's Department

already

done so

ES6-21



ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

CH/EXCHEQUER	
REC.	26 JUL 1988
ACTING	Dame A. Mueller
COPIES TO	PM G MR Anson DR Freeman MR C. N Kelly MR Strachan MR Beard MR Pettifer

Prof
26/7 PWP

Moira Wallace
PS/Chancellor of the Exchequer
The Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

25 July 1988

Dear Moira

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

My Secretary of State has seen your letter of 12 July to Philip Mawer. The new arrangements which you described in that letter are quite acceptable to us and will be observed.

I am copying this letter to Paul Gray, to the Private Offices of Ministers in charge of Departments, and to Sir Robin Butler.

Tom,

Tom.

T B JEFFERY
Private Secretary

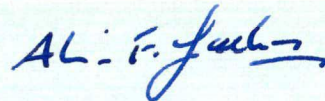
FROM: A F JACKSON
DATE: 27 JULY 1988

MR DIGHT

cc: Mr Anson
Mr C W Kelly
Mr Strachan
Mr Pettifer

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

You confirmed recently that Moira Wallace's letter of 12 July to PS/Secretary of State for the Home Office had been copied to all of the Chancellor's departments. I think it would be useful if a measure of consistency and routine could govern the basis on which departmental reports on contingency arrangements are submitted to Treasury Ministers, and you may care to write to the departments concerned along the lines of the draft attached.



A F JACKSON
PS/DAME ANNE MUELLER

Type final~~DRAFT MINUTE/LETTER FROM APS/CHANCELLOR~~

TO ALL CHANCELLOR'S DEPARTMENTS

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

I recently copied to you Moira Wallace's letter of 12 July to PS/Secretary of State, Home Office, which asked if Ministers in charge of departments could take appropriate steps to ensure that formal and regular arrangements were established for reporting on contingency plans for dealing with industrial action in computer installations within their departments.

2. Although the letter said that it must be for individual departments to determine the precise nature of these reporting arrangements, I think it would be helpful if reports from the Chancellor's departments could be submitted on a broadly consistent basis and timescale. Unless this presents a particular difficulty, therefore, I would be grateful if you could arrange for reports to be submitted to the appropriate Treasury Ministers no later than 1 July each year. As indicated in Moira Wallace's letter, reports should confirm that contingency arrangements exist and are in good order, and where appropriate should detail what further measures are being or could be taken to reduce vulnerability to industrial action.

APS/CHANCELLOR

Draft of 27 July 1988



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6402

CH/EXCHEQUER	
REC.	27 JUL 1988
TO	Dame A Mueller
Copies TO	PMG MR Anson DR Freeman MR C. W Kelly MR Strachan MR Beard MR Pettifer

Moira Wallace
Private Secretary to
The Chancellor of the Exchequer
Treasury Chambers
LONDON
SW1P 3AG

27 July 1988

pmf

Dear Moira,

Thank you for sending me a copy of your letter of 12 July to Philip Mawer at the Home Office about the vulnerability of Government computer systems to industrial action.

This Department's position is set out in Sir Peter Gregson's letter to Dame Anne Mueller of 1 June 1988. Sir Peter will ensure that an appropriate system of reporting is in place to coincide with the annual reviews of the Cabinet Office Civil Emergencies Handbook.

I am copying this reply to Paul Gray, Philip Mawer and Sir Robin Butler's office.

Yours,
Stuart Brand

STUART BRAND
Private Secretary



DEPARTMENT OF ENERGY
THAMES HOUSE SOUTH
MILLBANK
LONDON SW1P 4QJ
01-211 4391

b.c.c Mr Henderson
Mr E Price
Mr Beasley
Mr Walmsley
Mr Wilcock
Mr Driscoll

From the Permanent Under-Secretary of State

P L Gregson CB

1 June 1988

**CONFIDENTIAL
AND MANAGEMENT IN CONFIDENCE**

Dame Anne Mueller DCB
Second Permanent Secretary
HM Treasury
Parliament Street
London SW1P 3AG

Dear Anne

COMPUTER VULNERABILITY TO INDUSTRIAL ACTION

I am sorry not to have replied before now to your letter of 14 March, addressed to Brian Cubbon. Our position has, however, been explained orally to your people.

Broadly speaking, our business is not particularly dependent on ADP: we have only some 30 staff in three groups in this specialism out of a total of around 1000. But if such a contingency should arise, we would aim to deal with it by manual working. There would of course be a risk of some work not being done as well without computers and of some being delayed. But we think we could get by, certainly for a month or two, without too much difficulty. Even if we were faced with a complete walk-out of ADP staff for a longer period (which our experience tells us is a remote prospect), our judgement is that we could cope, albeit with some difficulty.

Yours etc

Pete

CONFIDENTIAL
MANAGEMENT IN CONFIDENCE



FROM: J M G TAYLOR

DATE: 28 July 1988

A handwritten signature in the top right corner of the page.

PS/INLAND REVENUE
PS/CUSTOMS & EXCISE
DEPUTY MASTER/MINT
MR BRIDGEMAN - RFS
MR PATTERSON - DNS
MR N TAYLOR - COI
MR JOHNSTON - GAD
MR DOLE - HMSO
MR GOODWIN - NILO

cc PS/Chief Secretary
PS/Financial Secretary
PS/Paymaster General
PS/Economic Secretary
Mr C D Butler

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

Moira Wallace's letter of 12 July to PS/Secretary of State, Home Office was copied to you recently. This asked if Ministers in charge of departments could take appropriate steps to ensure that formal and regular arrangements were established for reporting on contingency plans for dealing with industrial action in computer installations within their departments.

2. Although the letter said that it must be for individual departments to determine the precise nature of these reporting arrangements, I think it would be helpful if reports from the Chancellor's departments could be submitted on a broadly consistent basis and timescale. I would be grateful, therefore, if you could arrange for reports to be submitted to the appropriate Treasury Ministers no later than 1 July each year. As indicated in Moira Wallace's letter, reports should confirm that contingency arrangements exist and are in good order, and where appropriate should set out what further measures are being or could be taken to reduce vulnerability to industrial action.

A handwritten signature in the bottom right corner of the page.

J M G TAYLOR

Private Secretary



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

Maira Wallace
Private Secretary to
The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON
SW1P 3AG

PH

CH/EXCHEQUER	
REC.	05AUG1988 ✓
ACTION	
COPIES TO	PMG, MR ANSON DR FREEMAN. MR C W KELLY MR AF JACKSON MR SPACKMAN MR BEARD MR PETTIFER

4 August 1988

Dear Maira

Your letter of 12 July asked that Ministers ensure that formal and regular reporting arrangements are established within their Departments to review the adequacy of contingency measures for dealing with potential disruption.

As your letter points out officials have already examined contingency arrangements in the DOE and arrangements have been made for an annual report to the Permanent Secretary. We foresee no difficulty in submitting a report to accompany the response to the Cabinet Office's annual review of the Civil Emergencies book.

I am copying this letter to Paul Gray and to Sir Robin Butler.

R Bright
Roger Bright

R BRIGHT
Private Secretary

CONFIDENTIAL
AND
MANAGEMENT IN CONFIDENCE

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

My ref:

Your ref:



Moira Wallace
PS/Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

CH/EXCHEQUER	
REC.	09 AUG 1988
ACTION	DAME A MUELLER ✓ 9/8
COPIES TO	PMG
	MR ANDSON
	MR FREEMAN
	MR KELLY
	MR STRACHAN
	MR BEARD
	MR PETTIFER

- 8 AUG 1988

Dear Moira

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

Thank you for your letter of 12 July 1988, which asks that Ministers ensure that formal and regular reporting arrangements are established within their Departments to review the adequacy of contingency measures for dealing with potential disruption.

This Department's Information Technology Steering Committee, which is chaired by the Principal Finance Officer, has reviewed the state of contingency plans for computer systems, in the context of your letter and the DAO's letter of 23 June 1988 about computer security. Businesses within the Department have been asked to consider by March 1989 the adequacy of their arrangements for computer and data security, including contingency plans for dealing with computer disasters or industrial action. There will be a further report to the IT steering committee to take stock of progress made by individual businesses.

The Committee secretariat will ensure that this review of contingency arrangements is undertaken annually, in time to inform the Department's response to the Cabinet Office's annual review of the Civil Emergencies Book.

Yours ever

N T E HOYLE
Private Secretary

CONFIDENTIAL
AND
MANAGEMENT IN CONFIDENCE

dti

the department for Enterprise

CONFIDENTIAL MANAGEMENT-IN-CONFIDENCE

BF to Minn 9/8
25/8
30/8
5/9

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON
SW1P 3AG

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

CH/EXCHEQUER	
REC.	09 AUG 1988
ACTION	DAME A MUELLER ✓ 9/8
COPIES TO	PMG MR LAWSON MR FREEMAN MR C W KELLY MR I STRACHAN MR BEARD MR PETTIFER

Direct line 215 5422
Our ref LQ3ABR
Your ref
Date 8 August 1988

Nigel

GOVERNMENT COMPUTER SYSTEMS - VULNERABILITY TO INDUSTRIAL ACTION

Many thanks for your letter of 4 July on contingency planning for industrial action affecting Government computer operations. I very much welcome the suggestion that Ministers should arrange for formal reporting by their departments on their contingency plans.

Such reporting is, however, concerned with existing systems; my letter of 2 September last was largely concerned with how future systems could be designed and implemented so as to reduce their vulnerability to industrial action from the outset. This implies exploring the contribution of each relevant factor: people, computer systems and the operation of these systems. I was particularly concerned that we should not neglect the part that modern systems design can play in reducing vulnerability.

This is, of course, closely related to the CCTA's very substantial work on computer security. My officials advise, however, that approaches to designing systems to reduce vulnerability to deliberate denial of service threats have been given relatively little consideration within civil government. I believe that the contribution that technology can make deserves further examination, although its potential must be viewed in the context of other options for reducing vulnerability such as facilities management. The Cabinet Office Security Committee on Electronic Information Processing seems an appropriate forum for the examination, and I shall



the department for Enterprise

ask my officials to raise the issue at that committee.

I am copying this letter to the Prime Minister and
Sir Robin Butler.

Y. L.
Nand

PMG



MO 26/2/1L

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 2111/3

10th August 1988

EXCHEQUER	
REC.	11 AUG 1988
ACTION	DAME A MUELLER
COPIES TO	PMG MR ANDSON MR FREEMAN MR KELLY MR STRACHAN MR BEATO MR PETTIFER

✓ 11/8

Dear Alex,

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

In your letter of 12th July 1988 you asked if Ministers in charge of Departments would take appropriate steps to ensure that formal and regular reporting arrangements are established to deal with this matter.

We have in the past included such a review as part of the general review of our entry in the Civil Emergencies Book, and we shall continue to do this each year.

I am copying this letter to Paul Gray (No 10) and to Trevor Woolley (Cabinet Office).

Yours sincerely,

John Colston.

(J P COLSTON)
Private Secretary

Alex Allan Esq
HM Treasury

MP

CONFIDENTIAL

AND MANAGEMENT IN CONFIDENCE



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

22 August 1988

pl action

Dem Noiva

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

Thank you for your letter of 12 July about the adequacy of Departmental contingency arrangements for dealing with potential disruption.

We are putting in hand a new reporting arrangement, along the lines suggested in your letter, each year at the time of the Cabinet Office's annual review. An interim report, based on an up-date of the material gathered for this year's review of the Home Office arrangements, will shortly be given to the Home Secretary.

John Sanderson

Nick

N C SANDERSON

CH/EXCHEQUER	
REC.	23 AUG 1988
ATTN	DAME A MUELLER
COPIES TO	PMG
	MR ANDSON
	MR FREEMAN
	MR KELLY
	MR STRACHAN
	MR BEARD MR PETTIFER

✓ 23/8

Ms M Wallace

PPS for Mandy
purFROM: J STRACHAN
DATE: 2 September 1988

PS/CHANCELLOR

cc PS/Paymaster General
Dame Anne Mueller
Mr Anson
Dr Freeman
Mr C W Kelly
Mr Pettifer
Mr Rayner
Mr Gildersleeves

Ch/ I have radically shortened draft.
But do you wish to write yourself
or shd we perhaps ask PMG
to take forward? PMG, Pst.
MSPW 8/9 ~

4569

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

Lord Young wrote to the Chancellor on 8 August welcoming his suggestion that Ministers should arrange for formal reporting by their departments on contingency plans for dealing with industrial action in computer areas. He has expressed concern, however, that more needs to be done to reduce computer vulnerability ab initio when new systems are designed and implemented, and has suggested that the matter be considered further in the forum of the Cabinet Office Security Committee on Electronic Information Processing.

2. While the report on computer vulnerability submitted to the Chancellor in June did not go into detail, it did stress that resilience to loss or denial of service for whatever reason must be considered in initial system design. Also, it is not the intention (as Lord Young seems to believe) that reporting arrangements should cover only existing systems. In advising departments on formulation of Information Systems (IS) or Information Technology (IT) strategies, CCTA encourage them to consider risk and vulnerability issues in the context of both current and future scenarios. Departments are already urged to recognise that vulnerability to industrial action, the contribution of technology and other options for reducing vulnerability such as facilities management (all of which Lord Young raises) are essential elements to be addressed by their IS/IT strategies. And it is expected that IS/IT Steering Committees, which are responsible for directing strategies, will address the reporting arrangements as part of their business agenda.

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MANAGEMENT IN CONFIDENCE

3. The Cabinet Office Committee to which Lord Young refers is an interdepartmental committee concerned with the protection of both unclassified and classified IT systems, and on which CCTA is represented. If Lord Young wishes some further examination to be made of the way in which technology can contribute to the robustness of IT operations, the committee would appear to be as good a medium as any to commission this type of study, or at least approve appropriate terms of reference.

4. If the Chancellor is content he may care to reply to Lord Young in accordance with the draft attached.

5. This submission and the draft have been agreed with CCTA.



J STRACHAN
IRD

DRAFT LETTER FROM CHANCELLOR TO
SECRETARY OF STATE FOR TRADE AND INDUSTRY

The Rt Hon Lord Young of Graffham
Secretary of State for Trade and Industry
1-19 Victoria Street
London SW1H 0ET

and how these can be reduced by means of technology or other options such as facilities management

GOVERNMENT COMPUTER SYSTEMS: VULNERABILITY TO INDUSTRIAL ACTION

Thank you for your letter of 8 August, in response to mine of 4 July on contingency planning for industrial action affecting Government computer operations.

your view
I note that ~~while you welcome the proposal that Ministers should arrange for formal reporting by their departments on their contingency plans,~~ more needs to be done in the design and implementation of future systems to reduce vulnerability to industrial action from the outset. Perhaps I should make clear however that it is not the intention that the ~~proposed~~ reporting arrangements ^{proposed} should cover only existing systems. In advising departments on formulation of Information Systems or Information Technology Strategies, CCTA encourage them to consider risk and vulnerability issues ~~in the context of both current and future scenarios. Departments are already enjoined to recognise that vulnerability to industrial action, the contribution of technology and other options for reducing vulnerability such as facilities management, all of which you have mentioned, are essential elements to be addressed by their IS/IT strategies.~~ And it is expected that IS/IT Steering Committees, ~~which as you know are responsible for directing strategies,~~ will address the reporting arrangements as part of their business agenda.

If, however, you believe that further consideration of this matter could usefully be given in the forum of the particular Cabinet Office Committee to which you refer, I certainly would see no objection.

I am copying this letter to the Prime Minister and to Sir Robin Butler.



the department for Enterprise

CONFIDENTIAL MANAGEMENT-IN-CONFIDENCE

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON
SW1P 3AG

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

CH/EXCHEQUER	
REC.	09 AUG 1988
ACTION	DAME A MUELLEN
COPIES TO	PMG
	MR LAWSON
	MR FREEMAN
	MR CW KELLY
	MR I STRACHAN
	MR BEARD MR PETTIFER

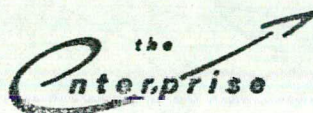
Direct line 215 5422
Our ref LQ3ABR
Your ref
Date 8 August 1988

GOVERNMENT COMPUTER SYSTEMS - VULNERABILITY TO INDUSTRIAL ACTION

Many thanks for your letter of 4 July on contingency planning for industrial action affecting Government computer operations. I very much welcome the suggestion that Ministers should arrange for formal reporting by their departments on their contingency plans.

Such reporting is, however, concerned with existing systems; my letter of 2 September last was largely concerned with how future systems could be designed and implemented so as to reduce their vulnerability to industrial action from the outset. This implies exploring the contribution of each relevant factor: people, computer systems and the operation of these systems. I was particularly concerned that we should not neglect the part that modern systems design can play in reducing vulnerability.

This is, of course, closely related to the CCTA's very substantial work on computer security. My officials advise, however, that approaches to designing systems to reduce vulnerability to deliberate denial of service threats have been given relatively little consideration within civil government. I believe that the contribution that technology can make deserves further examination, although its potential must be viewed in the context of other options for reducing vulnerability such as facilities management. The Cabinet Office Security Committee on Electronic Information Processing seems an appropriate forum for the examination, and I shall



dti

the department for Enterprise

ask my officials to raise the issue at that committee.

I am copying this letter to the Prime Minister and
Sir Robin Butler.

*C. E.
Haw*



→ Julie for pl Hdc

Board Room
H M Customs and Excise
New King's Beam House
22 Upper Ground
London SE1 9PJ
Telephone: 01-620 1313

MANAGEMENT IN CONFIDENCE

PS/Chancellor

Notes

cc PS/Economic
Secretary

GCHQ : TUS REPRESENTATIONS

At their request, the Chairman yesterday received a delegation from the Departmental T.U.S. who wished to make representations about the recent announcement on GCHQ.

2. The Chairman undertook to report their representations to Treasury Ministers and has asked me to let you have, for the Chancellor's attention, the attached summary note of the meeting.

Paul Stevenson

P R STEVENSON
Private Secretary

11 October 1988

MANAGEMENT IN CONFIDENCE

**NOTE OF A MEETING HELD ON 10 OCTOBER 1988 REGARDING GCHQ
TRADE UNIONISTS**

1. The Chairman, together with Mr Mechem (Assistant Secretary with responsibility for industrial relations), received a Departmental TUS delegation about the 18 members of a national trade union who now remained at GCHQ.

2. The TUS delegation expressed their "sense of outrage" at what was seen as the potential sacking of the 18 staff. They objected to the requirement imposed upon staff at GCHQ that they could belong only to a departmental staff association approved by the Director, and to the implication that membership of a national trade union was a threat to security matters. They saw the decision taken over GCHQ staff as a slur on the civil service in general, which would adversely affect industrial relations in Customs and Excise and other Departments, and expressed concern that a ban on union membership might extend to other areas of work.

3. While drawing the attention of the TUS to the terms of the Government's statement, which made it clear that the decision only applied to those employed in this particular area of national security and intelligence, the Chairman noted the strength of feeling expressed by the delegation and undertook to report to the Chancellor of the Exchequer.

PRS

P R STEVENSON

chex.rm/mw/8

MANAGEMENT IN CONFIDENCE

M P



FROM: MISS M P WALLACE
DATE: 17 October 1988

PS/CUSTOMS AND EXCISE

cc PS/Economic Secretary

GCHQ: TUS REPRESENTATIONS

The Chancellor has seen and noted your minute of 11 October, covering a record of the Chairman's meeting with the Departmental TUS.

M P W

MISS MOIRA WALLACE

PERSONAL



pl cc (Simon Sargent
(M) CD Butler

You might like to be
aware of this exchange
of letters. Draft based
on standard Fco / IRD
line.

Moir WZLle 4

Prop



Treasury Chambers, Parliament Street, SW1P 3AG

01-270 3000

11 November 1988

Huw Evans
Rm 107/3
Treasury Chambers

A handwritten signature in black ink, appearing to read "Huw Evans".

GCHQ

Thank you for your letter of 4 November.

I note the points you make. However, you will understand that I do not resile in any way from the decision to bar membership of national trade unions at GCHQ. The decision was taken solely in the interests of national security: it is unacceptable to have a top secret intelligence establishment vulnerable to national strike action. It was not an anti-union measure, and the Government has made clear that there is no intention of extending the measures at GCHQ beyond those agencies whose primary functions are concerned with security and intelligence.

The overwhelming majority of staff at GCHQ have accepted the new conditions of service offered to them. The rest mostly opted to transfer elsewhere in the Civil Service or to leave with appropriate compensation. Of the very few staff at GCHQ who remain members of a national trade union, those who neither accepted nor rejected the new terms offered are to be transferred where alternative posts can be found. Those for whom alternative posts cannot be found are being given generous compensation for the termination of their employment.

I do not believe that the Government's actions in this matter have been unreasonable. However I note the strength of feeling amongst FDA members.

I am sending copies of this letter to other members of your Committee.

A large, stylized handwritten signature in black ink, appearing to read "Nigel Lawson".

NIGEL LAWSON



[Chelmsford]

1 take in there of a rep #15 New representative - pst below str n

H M Treasury
Parliament Street London SW1P 3AG

Switchboard 01-270 3000
Direct Dialling 01-270

Chancellor of the Exchequer
H M Treasury

4 November 1988

Dear Chancellor,

OK: I will up with the present for FEO

GCHQ

Four and a half years ago many of us at the Treasury went on strike to signal our intense disapproval of the Government's decision to ban independent trade unions at GCHQ. The ban was wrong, unnecessary and widely seen as unjustified.

The more recent decision to dismiss or remove the remaining Civil Service trade unionists at GCHQ - solely because of their union membership - is a mean and shabby act.

FDA members are not taking part in the 7 November strike: a clear majority thought that such a gesture would achieve little. But you should know that we FDA members in the Treasury continue to believe passionately in the freedom to join an independent Trade Union, at GCHQ and elsewhere.

We urge you to reconsider this ban.

Yours sincerely

Henry Evans

NH [Signature]

[Signature]

FDA Branch Committee

Jonathan Potts

[Signature]

Dan Comy

Barry H. Potts

AC Goodman

Alan Roberts