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cc: Mr. Wolfson
Mr. Duguid

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PRIME MINISTER

Civil Service Industrial Dispute - 28 May

There are one or two significant points in the Civil Service industrial dispute today:-

1. Industrial action is being taken for the first time by Department of Employment computer staff at Reading; and computer staff at the DVLC in Swansea are also now on strike, which means that within a week or so there may be up to 2,000 staff with little or nothing to do. But the better news is that the period in which industrial action was approved by Civil Aviation Authority staff has now expired and interruption of flights should, therefore, now cease, subject to a new ballot among the air traffic controllers.

2. Some of those who have been on strike have started to return to work in order to qualify for annual leave. I have suggested, and Sir John Herbecq has agreed, that how we deal with this should be considered in the context of our package of possible escalation measures. It would, for instance, be possible to say to the unions that - since leave is not taken as of right - only those who had worked, say, four continuous weeks normally immediately before going on leave would be entitled to take it. That would provide a considerable disincentive to further industrial action as the summer holidays approach, and the public would no doubt see it as 'rough justice' for those who had interrupted passport applications and holiday flights. This will now be considered as an option if the new round of talks breaks down.

3. These new negotiations are now expected to take place tomorrow morning. The CSD's tactic will be to start discussions on the longer term, where there are new points to make, to continue

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with the position on next year, where they mean to listen to the union's request for a change in the operative date and explain the cash limit arithmetic, and to leave the difficult issue of this year's 7% until the end. But the CSD are not optimistic of the outcome, and it is always possible that the unions may stage a walkout on the 7%. The best outcome would be an agreement to continue the talks in a more limited form next week. Sir John Herbecq is adamant that stories in today's newspapers about the Lord President's willingness to improve on 7% are wrong, and do not emanate from anywhere in the CSD; nonetheless, the CSD recognise that the stories certainly do not help.

Clive will
have
mentioned
to you that
Lord Somers
spoke to
me about

this. He was
furious about the
TV reports.

28 May 1981

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