

(week end)

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cc Mr Duguid
Mr Venables

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Minister of State

Prime Minister

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON SW1P 3AG

Agree - a) b) + c) - but

10 December 1980

Dear Geoffrey,

Please understand it may do
mean very low recruitment
wages. Also - I should
like to make it clear in the
house the very backward
attitude that the Civil Service

NEW TECHNOLOGY IN THE CIVIL SERVICE
pt 4 below

I wrote to you on 29 July about the discussions with the Civil Service Unions about a national agreement on the introduction of new technology.

When I wrote in July, I pointed out that, while the Unions recognised privately that their demand for a no-job-loss guarantee for new technology was unrealistic, they have made it clear that any national agreement would have to contain a no-compulsory-redundancy pledge. Colleagues felt generally that this was an acceptable price to pay, provided that the other terms were right. The Unions were told that Ministers would consider whether or not to give a pledge once the other elements of a national package had been sorted out.

It is now clear that there are two additional outstanding key issues. The first is the Unions' insistence on some form of earnings protection for staff who are displaced as a result of new technology. This might not prove insuperable. But their other major demand, for an across-the-board reduction in working hours, is quite unacceptable and offers no room for compromise.

Most non-industrial civil servants work 41 hours gross (36 net) in London, and 42 hours (37 net) in the provinces. The Unions' claim is for a reduction for all non-industrials to 35 hours net next year, with a further reduction to 34 hours net in 1982. Their main argument is that their members will expect to receive some tangible share in the benefits of new technology in exchange for co-operating with its introduction.

The costs of a reduction would be considerable, and would far outweigh the financial benefits which we can expect from new technology in the next few years. In any event the idea of an hours reduction at the present time is quite unrealistic. Nor can we have the Government explicitly linking the introduction of new technology to a shorter working week.

I therefore see no alternative to outright rejection of the hours claim. It seems highly likely that the Unions will say that they are not prepared to recommend a national agreement to their 1981 Conferences. There may be threats of total opposition to new technology from some quarters.

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So we have to consider our tactics. I think that we should try to avoid an overt breakdown which would only serve to make progress on departmental projects much more difficult to achieve.

Obviously, we cannot allow ourselves to be thwarted over the introduction of new technology. We need to press ahead with the implementation of departmental projects, wherever possible by agreement, but if necessary by administrative action. Past experience has shown that where management has acted decisively it has been possible to get over the obstacles. I believe that individual civil servants are keen to make use of new equipment.

Union attitudes are likely to vary considerably across the Service. There may be widespread pressure for agreements at departmental level setting out the ground-rules against which particular new technology projects can be considered. This would almost certainly lead to Departmental Union Sides demanding even more generous terms. So there would be a risk of leapfrogging and of departments being played off against one another. Departments should take the line that agreements of this sort would be inappropriate until the national talks have reached a conclusion. The crucial thing is to focus discussions on specific projects.

I propose that Departments should follow a consistent line on the outstanding key issues. In particular:

- a. Hours are a national issue. Departments should not make concessions on this. Productivity deals have not so far been a feature of non-industrial Civil Service pay arrangements. Departments should not introduce them piecemeal.
- b. Preservation of allowances might be considered to a limited extent. Skill, proficiency and ADP allowances might be retained for no more than 12 months.
- c. No Department should give a general no-compulsory-redundancy pledge. Departments could say that, having assessed the staffing implications of a particular project, there would be no compulsory redundancy arising from that project. Of course, our general aim will be to avoid compulsory redundancy as far as possible.

We must reply to the Unions before Christmas. May I therefore assume that, unless I hear to the contrary by Tuesday, 16 December you are content for me to proceed along these lines?

I am copying this letter to the Prime Minister, other members of the Cabinet, Ministers in charge of Departments and Sir Robert Armstrong.

Y
ours

Paul

PAUL CHANNON