



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

CONFIDENTIAL

PRIME MINISTER

~~Mr. Butler~~
Mr. David
Mr. Lyden

Prime Minister

Mr. Lyden has
concluded that
MAFF should not
try to substitute
~~manual~~ manual payments
for the computer
operation.

INDUSTRIAL ACTION

1. I have reviewed the possibility of making payments by hand now that industrial action has brought to a halt the computer at Guildford which makes payments on behalf of MAFF, the Welsh Office and the Intervention Board for Agricultural Produce (IBAP) to farmers and food traders. Payments through the computer have been running recently at the rate of about £16-17m per week. My assessment of the feasibility of making payments by hand, and the number of staff needed to do so for each category of grant and subsidy, if it could be assumed that staff would be willing to carry out the work, is as follows:-

- i. Capital grants paid to farmers and growers - about 3,000 payments totalling £4m. Making these payments manually together with handling all the book-keeping and statistical documentation necessary would require about 50 staff spread around our 19 Divisional Offices.
- ii. Sheepmeat and Beef Premiums - these are paid on behalf of IBAP, part to farmers and part to traders. At present payments to farmers are at about £1m per week and to traders about £½m. The average market price on which the amount of deficiency payment is based is calculated by the computer. From now on there will be no way of establishing the average market price or the level of payments so as to satisfy the European Commission, which finances them wholly or in part. At present about 17,000 payments per week are made. To process documents still in the pipeline - about three weeks' payments - approximately 100 staff (including calculating machine operators) would be needed.

- iii. Export refunds under the CAP - these are paid on behalf of IBAP to traders. Their average total value at the present time is about £7m a week. They are highly complex to calculate and depend almost entirely on the computer. Over 200 staff would be needed to keep up something approaching the present flow, but even so there would be many practical snags.
- iv. Other payments under the CAP - mainly on intervention. About 300 are made per week, most to traders, to a value of about £3-4m. 5 staff would be needed to replace the computer operation.
- v. Other Miscellaneous Payments - there are about 2,000 per week of a wide variety, including payments to the fishing industry and to local veterinary inspectors. The weekly rate of payment is about £1m. We would need about 30 staff to handle these payments manually.

2. From this analysis I conclude that, if staff were willing to co-operate, it would be feasible to make payments of capital grants (£4m) and intervention (£4m) and some of the miscellaneous payments; but not sheep and beef premium or export refunds. But I see two major disadvantages in attempting substitution for the computer operation in this way:-

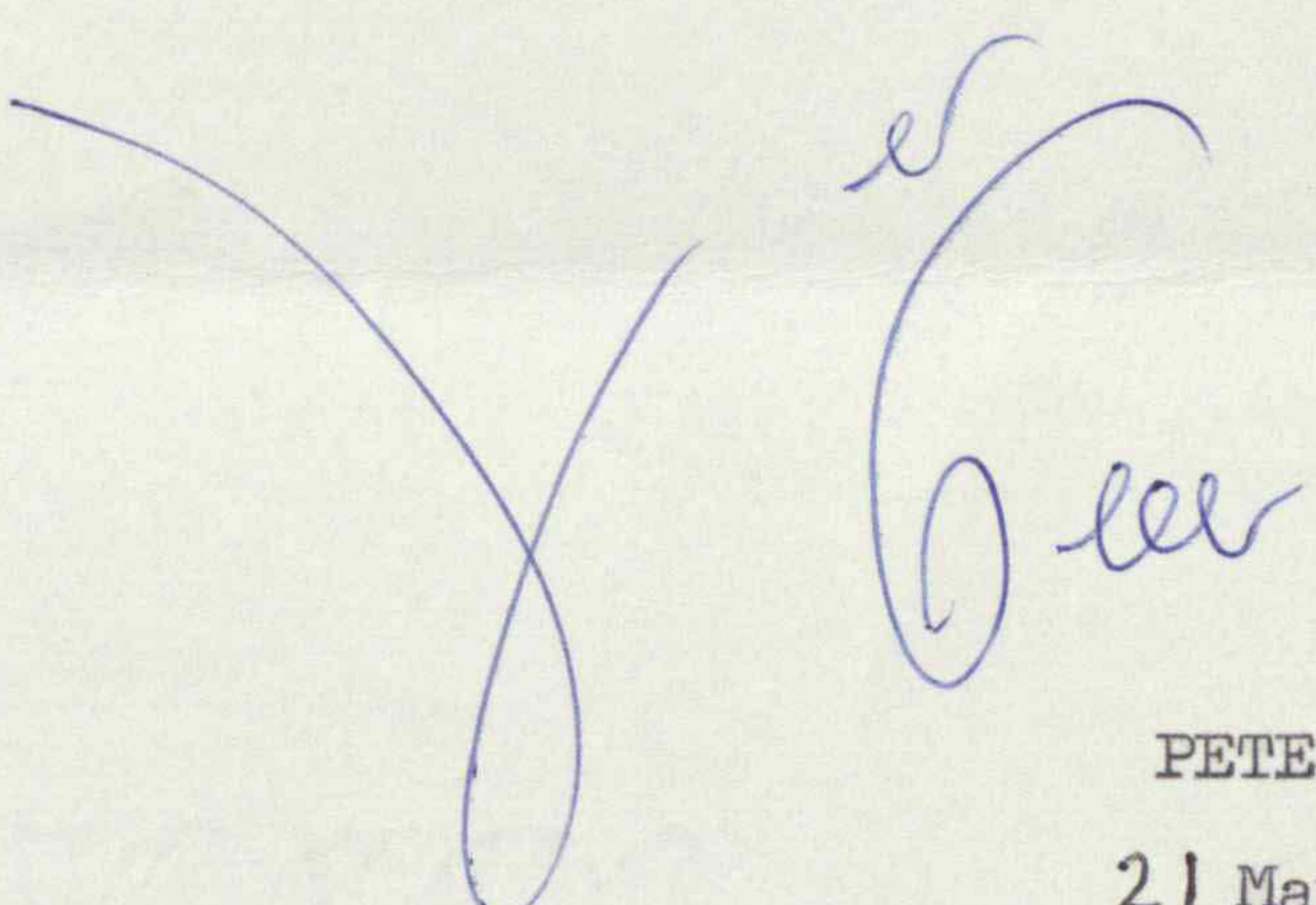
- i. to give special treatment to certain payments would mean pulling considerable numbers of staff off other work. This would cause backlogs in the preparation of other payments; and it would increase the problems of recovery after the industrial action ends. The net effect, even if staff co-operated, might therefore be of very limited benefit to the industry;
- ii. it would be seen as strike-breaking and a deliberate escalation by us of the dispute, and the unions would respond accordingly. Many staff would be dragged into the strike which would spread much wider in both MAFF and IBAP, so that the action we had taken to facilitate payments would quickly be rendered nugatory. I would only want to embark on this course as part of a general move by the Government as a whole to escalate the dispute - something we have so far avoided.

3. If cases of hardship arise I shall seek to persuade some of the staff to handle them, and hope for union agreement or tacit acceptance: my Department is not traditionally a highly militant one. But I cannot guarantee that this will be possible.

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4. Fortunately, the period of recovery after the strike ends will be relatively short, provided that there is no interruption in the preparation of data, such as would be caused by switching staff in an attempt to make manual payments. For each full week of strike action in its present form, we estimate that full recovery will take less than a week once staff are working normally.

5. I am sending a copy of this minute to Christopher Soames and Nicholas Edwards.



PETER WALKER

21 May 1981

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