

CONFIDENTIAL

MOST CONFIDENTIAL RECORD

CC (81) 12TH CONCLUSIONS MINUTE 4

THURS 19th MARCH 1981

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Cabinet, Thursday 19 March 1981

--- Sir Robert Armstrong has decided that a full record of last Thursday's discussion in Cabinet on the Civil Service Dispute should be sent separately to those directly concerned. I enclose a copy with this letter. Copies also go to John Wiggins (Treasury) and Jim Buckley (Civil Service Department).

There is no reference to the existence of this record in the Cabinet minutes and I should be grateful if it could not be referred to or quoted from. It should also be seen only by the Permanent Secretaries in the Treasury and the CSD and the Chairman of the Board of Inland Revenue.

In due course, I should be grateful if copies could be returned to me in the Cabinet Office.

D. J. WRIGHT

(D J Wright)
Private Secretary

Clive Whitmore Esq

MOST CONFIDENTIAL RECORD
TO
CC(81) 12th CONCLUSIONS, MINUTE 4

Thursday 19 March 1981

CIVIL
SERVICE
DISPUTE

Previous
Reference:
CC(81) 11th
Conclusions,
Minute 4

THE LORD PRESIDENT OF THE COUNCIL said that the contingency arrangements to deal with the current industrial action in the Civil Service were generally working satisfactorily, with Departments on notice to consult the Civil Service Department on any unexpected or major difficulties. An interdepartmental group of officials would be putting forward recommendations in early April for an ordered and agreed system of pay determination in the longer term and, if necessary, for interim arrangements in 1982. Pending consideration of these proposals, which could form a basis for resolving the present dispute, he recommended that so far as possible the Government should avoid doing anything which might provoke the unions to escalate their industrial action. A problem had, however, arisen in the Inland Revenue which could call for action which might lead to escalation. Under the contingency arrangements now in force 80 per cent of Pay As You Earn (PAYE) revenue was still flowing and, provided that the banking unions did not succeed in making good their threat to take action in sympathy with the Civil Service unions, these arrangements should continue to work. They did not, however, provide for dealing with the remaining 20 per cent of revenue which was made up of relatively small cheques sent in a total of around 900,000 separate letters a month. The Inland Revenue judged that action should now be taken to deal with these receipts, if those staff currently helping under the contingency arrangements were not to lose morale. They recommended that the letters should be diverted to 250 local offices where a total of 9,000 staff would be asked on Friday 20 March to deal with them. If they refused to do so, they would be issued with Temporary Relief from Duty (TRD) notices on Monday 23 March and, if necessary, sent home under the TRD procedures on the following day. It was uncertain how the staff concerned would respond and there was undoubtedly a risk that such a move would lead to escalation of industrial action both within the Inland Revenue and elsewhere.

THE CHANCELLOR OF THE EXCHEQUER said that of the normal PAYE receipts of about £2½ billion a month approximately £425 million were not being dealt with. Those grades co-operating under the contingency arrangements were already facing criticism from the unions, and there had been a demonstration outside the Inland Revenue's Bush House office that morning. There was a risk

that their morale and their readiness to continue to co-operate with the management would suffer if action were not taken to deal with the 20 per cent of revenue outstanding. If the measures proposed were to lead to the suspension of 9,000 staff, this would cost the unions about £750,000 a week in supporting those suspended; this pressure on their funds could be helpful in bringing industrial action to an end.

THE ATTORNEY GENERAL said that it would be in order to implement TRD arrangements for staff refusing to take on work of a type which they might normally be expected to carry out, provided that they were not required to undertake an unreasonable amount of overtime in order to do so.

In discussion it was pointed out that it was a substantial achievement that under the contingency arrangements 80 per cent of PAYE revenue was unaffected. It was unclear that the further action proposed would have any useful effect; if the 250 offices were already fully occupied with their present workload, the staff could reasonably claim that they did not have time to deal with any extra work, the TRD procedures could not be operated, and extra receipts would not be secured. The Government's attempt to introduce the proposed arrangements, and any suspensions which did result, could however provoke an escalation of industrial action before the Government were ready to come forward with the proposals for determining pay in future years which might bring the present dispute to an end. Any premature escalation of the dispute would add to the difficulties of negotiating the introduction of a revised system. Rather than take action which might escalate the dispute at this stage, it would be better for the Government to emphasise its intention to put forward proposals in April for new arrangements and to argue that this justified a reduction of industrial action in the meantime.

In further discussion it was pointed out that the British Broadcasting Corporation's (BBC's) radio report of the demonstration that day outside Bush House had been biased in tone and unhelpful in revealing how the envelopes containing high value cheques were coded. If the transcript of the broadcast bore out the impression of bias, consideration should be given to complaining to the BBC.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed that for the time being the Inland Revenue should not attempt to introduce any special arrangements to deal with the 20 per cent of PAYE payments which were not being handled during the present industrial action.



The Cabinet -

Invited the Chancellor of the Exchequer and the Lord President of the Council:

- i. To keep under review the Inland Revenue's arrangements for dealing with Pay As You Earn receipts during the present Civil Service industrial dispute and to report further in the week beginning 23 March.
- ii. To consider whether the transcript of the British Broadcasting Corporation's radio broadcast on the demonstration outside the Inland Revenue's Bush House offices that morning justified complaints to the Corporation of bias in reporting.

Cabinet Office

20 March 1981