

CONFIDENTIAL

1775



10 DOWNING STREET

From the Private Secretary

10 September 1979

Dear Bobbie.

Industrial Action DHSS (Management Response)

The Prime Minister has read your Minister's letter of 5 September about the current industrial action at the Child Benefit Centre at Newcastle.

The Prime Minister has asked me to say that she is very unhappy about the decision, which I understand has now been implemented, to rescind the order on overtime. She also takes the view that the Government should expose those concerned in this dispute to a massive campaign of public criticism.

I am sending a copy of this letter to Private Secretaries to members of the Cabinet and to Martin Vile (Cabinet Office).

M. W.

T. L.

Mrs. Roberta Paley  
Department of Health and Social Security.

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TMP/HS



To glance : disgraced  
example of union  
black-mail.

DEPARTMENT OF HEALTH & SOCIAL SECURITY  
Alexander Fleming House, Elephant & Castle, London SE1 6BY  
Telephone 01-407 5522

From the Joint Parliamentary Under Secretary of State

The Lord President

*I am very unhappy about this decision. It seems to me that we should have consulted you on a major course.*  
7/9  
after certain  
mt.

Dear Christopher,

5 September 1979

INDUSTRIAL ACTION DHSS: MANAGEMENT RESPONSE

1. Patrick is out of London at present, but before he left he agreed that I should write on his behalf, in advance of the Cabinet meeting on 13 September, to let you and our Cabinet colleagues know about the Unions' campaign in DHSS against cuts in public expenditure and in particular the difficulties that have now arisen at the Child Benefit Centre at Newcastle.

The general position

2. The DHSS Section Executive Committees of the SCPS and CPSA issued circulars to their members which not only called for bans on overtime, temporary promotion and substitution, work sharing, and the recruitment of casuals, but also sought to place a severe constraint on Management's ability to manage. Thus:-

"Managers should be informed that all duties should be assigned by half-an-hour after the start of core time each day. Once assigned CPSA members will continue to do that duty for the rest of the day. The SEC has identified the following key areas:-

Telephonists, Receptionists, Cashiers, Stockholders, Counter Staff

who may, because of exceptional circumstances, have to be replaced during the day. If one of these members goes off sick their replacement should be discussed with CPSA. If key posts have to be filled in this way, Management will have to accept that the work of the person who fills in will be left undone for the rest of the day."

3. This advice is being applied in varying ways by Union representatives in a number of our local offices. The Unions' line is not being universally supported by staff and in those offices where we have real difficulties we have, so far, been able to get the staff to cease unacceptable practices. But we cannot assume we will always be successful; if these actions continue, there is a real possibility that, after proper warning, staff will have to be relieved from duty until they are prepared to work properly.

4. The prospect of confrontation with the Unions and of heightened industrial action in DHSS will be much increased if we take action against members of staff who believe

they are following declared union policy. And the Unions will then feel compelled to react in order to avoid any erosion of support for their campaign. Whether they would initiate further industrial action and what it might involve must be matters for conjecture. It could lead to considerable interference with the provision of benefits: it might conceivably result in industrial action spreading to other Departments.

5. Despite these risks we believe that we should be ready to act firmly. Any decision to relieve from duty will be taken only on the authority of Ministers. We shall proceed carefully and persuasively, but it may be inevitable that we shall have to take firm action in some local situations. If we do have to act, we shall want to ensure that the reasons for doing so are explained forcefully and effectively to the public and the media. I return to this point below.

#### Child Benefit Centre

6. As a forerunner to those general difficulties we have had to deal with an immediate problem at the Child Benefit Centre in Newcastle which pays child benefits to over 7 million families. Our difficulties at this Centre seem to us to epitomise current union attitudes and tactics.

7. The background, briefly, is that this Centre was badly hit by unofficial strike action during the pay dispute. This caused delays in payments and arrears of work to build up and some public criticism. Normally we would have used overtime to recover the position, especially as some overtime working is normal during the summer months when the work load reaches a peak because of school leavers, and the holiday season for staff is also at its height. However, the Civil Service unions imposed a ban on overtime, and we thought it would be provocative and probably ineffective at that stage to offer overtime, much as we were concerned about the criticisms of poor service.

8. There were growing signs that the staff at the Child Benefit Centre were restive about the overtime ban and a few weeks ago the CPSA branch there voted, against Union advice, by a majority of 3 to 1, to discontinue any form of industrial action, and the Society, covering the whole Newcastle Central Office, voted by only a small majority (418 to 385) to continue action against manpower reductions. In the light of this we made overtime available at the Child Benefit Centre from 27 August. There was a very good response from both CPSA and Society members and we have already made significant inroads into the arrears.

9. Predictably, the Unions have reacted strongly and, with, we understand, the agreement of their National Disputes Committees, they have told our Controller at Newcastle that, unless the order on overtime is rescinded, the Society will call out eight ADP staff handling child benefit work on continuing strike. This would cause the whole child benefit operation to come to a halt and would in time leave over 1,000 staff without work, without our being able to take any effective action against them. The Unions can comfortably finance a strike by such a small group.

10. We regard this as a gross form of industrial blackmail by the two unions, and our instinct was to tell them to go to blazes. But rational analysis points in the direction of rescinding the overtime order because:-

- (1) there is no way in which we can take effective action for example by laying off the large numbers of staff who would be made idle without pay.

(I understand that we have sought legal advice on this point. It might be helpful if it could be obtained very soon).

- (2) without overtime, the vast majority of the public will still get their money reasonably to time, but if the Centre ceased to operate many hundreds of thousands of families would not receive their benefit, which has become an increasingly important part of family budgets (£4 per week per child).

and,

- (3) we think the Unions' threat is a real one and if there were a strike, the only way of bringing it to an end would probably be by agreeing not to make overtime available.

11. I saw the local Staff Side yesterday, and it was made quite clear to me that action would be taken to stop all payment of child benefit unless local management immediately rescinded its offer of overtime. Patrick agreed to this with great reluctance, but we can see no practical alternative. We also considered very carefully how we should react publicly to this threat, in view of the freely expressed wishes of a majority of one of the Union groups concerned to work overtime. There understandably was a case for spelling out publicly the tactics of the Unions and making it clear that we regarded this as an example of industrial blackmail which was politically motivated. However, this would have threatened the considerable progress made with the co-operation of local staff to reduce the arrears of work, despite the obstructive line adopted by the Unions. Moreover, it seemed to us that since the problems I have outlined affect other colleagues we ought to be considering our overall strategy to inform the public of these issues, rather than focussing one at a time on single incidents. You may like to consider this in relation to your forthcoming meeting with the National Staff Side.

12. I am copying this minute to the Prime Minister and members of the Cabinet.

*James Owen*  
*Lynda*  
MRS. LYND CHALKER

- 5 SEP 1979

