MT.

PRIME MINISTER

Early in April, you accepted Mr. Hayhoe's proposal to offer a "no compulsory redundancy" arrangement as part of a word processor package. Amongst your colleagues, only Sir Keith Joseph resisted this.

Despite Sir Keith's views, Lord Soames authorised Mr. Hayhoe to make the offer, given that there was a timing problem in the negotiations. The unions were interested. The main union involved (CPSA) will now try to get their conference next month to accept arrangements on these lines.

Sir Keith Joseph's objections have now been endorsed by Robin Ibbs. Sir Keith's letter is at Flag A, Robin Ibbs' at Flag B, and Lord Soames' at C. You might like to be aware of this in case Sir Keith mentions the issue to you at some stage.

MPW

29 April 1981

JH 378

Cird Service PA

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

Secretary of State for Industry

2 July 1981

1 Mr Whitmore for info
2 Prime Minister

I have sought expert advice from the Central Computing and Telecommunications Agency on the possibility of using microcomputers + word processors in the correspondence section here.

3/7

The Rt Hon Lord Soames
Lord Presidnet of the Council
Civil Service Department
Old Admiralty Building
Whitehall
London SW1

Dear Christopher.

WORD PROCESSORS

Thank you for your letter of 17 June in which you set out details of studies and trials under way to assess the impact and implications of word processors and new technology within the Civil Service. I shall be interested to see the results of the review which departments are now carrying out into their future requirements for word processors. I am not as pessimistic as you seem to be about the scope for some significant manpower savings in the near to medium term future, but we must wait and see what the review produces.

2 I would like to be kept in touch with progress. I suggest, therefore, that we review the position again when the conclusions of the review of departmental requirements for word processors are available.

3 I would also wish to be kept in touch with the conclusions to be drawn from the other reviews and trials you mention, though I realise these will not be available until later this year or, perhaps, even next.

4 I am copying this letter to the Prime Minister, to Cabinet colleagues and to Sir Robert Armstrong.

Yours ever

Keith

Cc Cab Secy

WM 18/6

17 June 1981

The Rt Hon Sir Keith Joseph, Bt, MP
Secretary of State for Industry
Ashdown House
123 Victoria Street
LONDON
SW1E 6RB

Dear Keith,

WORD PROCESSORS

Thank you for your letter of 21 May in which you suggest that we should commission a full study of the scope for introducing more word processors, including communicating word processors, covering both the public purchasing and the redundancy aspects. I do appreciate the point that worries you: if we are to take the right decision about whether or not we terminate the new agreement with the unions about word processors after the first 18 months, we need to have the best information available to us. In fact, both your department and mine have a good deal of work already going on - quite sufficient for our purposes, I think.

I quite agree that we should be taking a hard look at the scope for cutting manpower when we introduce new technology into the Civil Service. We must get as much benefit as we can from small computer systems and other electronic office aids as they come on to the market. I am sure that they will make a radical change in the way we run offices over the next ten years. But I don't think that they will produce large manpower savings in the near future.

Certainly they will help improve productivity but the trials we have run on word processors have shown that many claims for manpower savings have been over optimistic. In the States, for example, the US Auditor General has strongly criticised the Federal Government for costly and ineffective use of word processing, and the General Services Agency in Washington has actually been identifying word processors which ought to be removed from the Federal Agencies.

I want to get on as quickly as we can without making the same mistakes. To that end CCTA have a considerable programme of work, much of it in consultation with your department and some of it complementary to your own studies. Departments are reviewing their requirements for word processing and by the end of this month we should have their needs for the rest of the financial year. This will give us a much better feel for both the savings in staff and the contribution we can make to your public purchasing policy, to which you attach importance.

We are also, in parallel to your own work on communicating word processors, looking to see what use we can make of these new machines as they are developed and improved and what changes are needed in Civil Service offices to take advantage of them. But again, we don't foresee quick and dramatic results. Naturally, we are working closely with your department here.

We also have a number of initiatives with departments. As a result of my letter of 23 September 1980 we are developing ways (based on advice from two consultancy companies) to spot those areas where new technology can bring quick returns. And we have a number of trials going on aimed at helping departments to use the new technology profitably: these include communicating office machines and peripherals, such as word processors, micro computers, local networks and facsimile devices.

So, all in all, we have a lot going on, some complementary to the work of your department and some in parallel. I would have thought we had enough here to ensure that we make the right decision when we come to look at the future of the word processor agreement.

I am copying this letter as before.

Yours ever

Christopher

SOAMES

JH 117

DEPARTMENT OF INDUSTRY
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Secretary of State for Industry

21 May 1981

Rt Hon Lord Soames GCMG
GCVO CH CBE
Lord President of the Council
Civil Service Department
Whitehall
London SW1A 2AZ

Await Lord Soames' reaction

WPBR 20/5

Dear Christopher,

WORD PROCESSORS

We spoke by telephone about my letter of 1 May in which I asked you to delay giving the proposed "no compulsory redundancy" pledge in connection with the introduction of word processors in the Civil Service.

2 You mentioned that your Department had not in fact discussed the "no compulsory redundancy" pledge with the CBI or with employers organisations. But you did stress that the agreement was for only 18 months in the first instance and could be broken on giving six months notice. On that basis I withdrew my objections to your proceeding as you proposed.

3 I am still wary about this decision. I am sure we should be taking a close look at the scope for cutting manpower by introducing word processors, communicating word processors and other new technology and that, as a Government, we ought to be giving private industry a lead. We have considerable purchasing power and this may well be an area where, by moving quickly to identify what equipment we need and to specify equipment suitable not only for our own needs but also for home and export customers, we could usefully develop our public purchasing policy. My own guess is that a further study in this area by people who know the capability of word processors would have the incidental effect of showing that the no redundancy pledge was built on unsound ground.

4 I appreciate that the Central Computer and Telecommunications Agency has done some work in this area. May I suggest that you should commission a full study of the scope for introducing word processors, including communicating word processors, covering

both the public purchasing and the redundancy aspects? I hope that discussions would be held with individual companies, especially the UK manufacturers, as well as with the CBI and employers' organisations. I would like Robin Lingard and Alastair Macdonald of this Department to be associated with the study. If the report were ready by, say, the end of the year we would be in a position to consider whether we should give notice to terminate the agreement containing the no redundancy provision six months before its initial eighteen months term expires.

5 I am copying this letter as before.

Yours,

Keith

4

WR 26/5

Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

The Rt Hon Sir Keith Joseph, Bt, MP
Secretary of State for Industry
Ashdown House
123 Victoria Street
LONDON SW1E 6RB

20 May 1981

1 Mr Pickavance

2 Prime Minister

In April you accepted Mr Hayhoe's proposal to offer a "no compulsory redundancy" arrangement as part of a word processor package. Sir Keith Joseph objected. This letter reports that he has now agreed. The package agreed with the CPSA will be announced this week.

WR 21/5

Dear Keith,

WORD PROCESSORS

Following your letter of 1 May we had a word about the discussions with the CPSA on word processors for typing, and you were content that officials could proceed as I had proposed. I am glad to be able to let you and other colleagues know that the agreement was formally reached just before the officials concerned left to go to their Conference.

I think events have proved that we were right to secure this agreement while we could. For the Conference, against the advice of their Executive Committee, committed the CPSA to pursuing a claim for 'no job losses' as part of a new technology agreement, rejecting a policy of seeking only "no compulsory redundancy". Since the agreement on word processors was reached before the Conference it is not overturned by this change of policy and the CPSA will be informing their members next week that agreement has been reached. CPSA officials are a little apprehensive about the way in which active members will view the news of this agreement following the Conference, but they intend to do what they can to deliver it. They had extensive consultations with the national representatives of the typing staff who accepted the agreement, so this should help.

Your concern about the agreement arose from the assurance of no compulsory redundancy. Since we discussed this my officials have had informal contact with the CBI. They are not worried about it - indeed other large employers are reaching similar agreements. The evidence from our trials does not support your suggestion that there is early scope for significant manpower savings here, so I do not believe there will be practical problems. Nevertheless I shall, as we agreed, consider with you and other colleagues within 18 months how the agreement is operating in practice so that we can start the process of termination if we think it right so to do.

We are now in the process of formally promulgating the agreement, and this should be completed next week. Because we shall have to refer to the agreement in answer to a PQ this week my officials have asked Departments to set in hand the necessary work to inform local management and staff as soon as the agreement is promulgated.

I am copying this letter to the Prime Minister, other Cabinet colleagues, the Minister for Information Technology, Sir Robert Armstrong and Robin Ibbs (CPRS).

Yours ever

Christopher

SOAMES

Civil Service

DEPARTMENT OF INDUSTRY
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TELEPHONE DIRECT LINE 01-212
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3301

Secretary of State for Industry

1 May 1981

The Rt Hon Lord Soames
Civil Service Department
Old Admiralty Building
SW1A 2AZ

WR 6/5

Dear Christopher.

WORD PROCESSORS

Your undated letter on this subject reached my office on 21 April, the day of the meeting between your officials and the unions.

2 I am not happy about the action you have taken. I am as you know making a larger percentage contribution than most to your target for manpower reductions. If my objections to a no compulsory redundancy pledge are set on one side, I see difficulties about meeting your requirements. I note that Jim Prior has warned of difficulties in this area (his Private Secretary's letter of 14 April).

3 I am unpersuaded that a no compulsory redundancy undertaking can in practice be given in respect of word processors. The increasing use of modern technology, including word processors and communicating word processors, will lead to the use of less paper as more information is generated, stored, transmitted and processed electronically. Communicating word processors alone should result in a need for fewer staff typing, photocopying, filing and carrying documents around. There should be early scope for significant manpower reductions. You and I know of these possibilities because of our respective ministerial responsibilities but our colleagues may not be aware of the extent to which a no compulsory redundancy pledge may hamper their scope to secure staff economies. It would perhaps be useful if you were to circulate to colleagues the advice your officials have given which justifies their and your confidence that the savings of staff expected from word processors and communicating word processors can be absorbed by natural wastage.

4 Moreover I do not think we can set on one side the difficulties which your proposal will cause for private industry. I am constantly criticised by industry about our

failure as a Government to reduce the size of the civil service and the difficulties which our rates of pay and terms and conditions of service cause those who have to earn their revenue in the market place. A no compulsory redundancy pledge would add to this criticism. I think that at the least we should consult the major employers organisations before reaching a final decision. There may well be criticisms of any attempt to offer the civil service unions such a concession at a time when they are doing their utmost to harm our activities and those of the private sector.

5 You say that you have authorised your officials to conclude an agreement. This would not have collective approval. I hope that discussion with the unions can be suspended until we have discussed the deal collectively on the basis of a paper explaining your officials' advice.

6 I am copying this letter to the Prime Minister, cabinet colleagues and to Sir Robert Armstrong.

Yours, Keith

MAP(O/R)
to see MS
21/4

Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

April 1981 Civil Service

The Rt Hon Sir Keith Joseph, Bt, MP
Secretary of State for Industry
Ashdown House
123 Victoria Street
LONDON SW1E 6RB

Dear Keith,

WORD PROCESSORS

You wrote to Barney Hayhoe about this on 14 April.

2. All other colleagues in charge of departments are ready to offer the no redundancy undertaking which Barney proposed if the rest of the terms are right, and the Prime Minister has also said she is content. I have therefore had to consider whether your sole objection should over-ride the general view.

3. I have come to the conclusion that we should go ahead as Barney has proposed. I accept that it involves some risk of misunderstanding, but I think it is containable. There is no question of raising extra taxation to pay typists who are not needed. Departments will live within their existing allocations and in practice, as Barney has said, we believe that any problems will be trivial in size. The fact that many private sector agreements contain similar provisions will certainly be helpful. And if the agreement proves more onerous than we expect, we can make use of the provision for terminating it.

4. To my mind, the gains far outweigh these risks. Without an agreement we shall have to impose the use of word processors; the machines which you have purchased but waited to introduce pending this agreement are a case in point. The result will be confrontations, delay and a continuing source of friction in our industrial relations. With an agreement, we shall make faster progress both towards a more efficient Civil Service and in the use of the Government's purchasing to help and stimulate this advancing sector of industry.

5. As you know time is short and it is important not to miss what is likely to be a fleeting favourable moment next Tuesday, 21 April. I have therefore authorised my officials to seek to conclude an agreement on the lines proposed.

6. Copies go to the recipients of your letter.

Yours ever

Christopher

SOAMES

JFT

2 PP 19 A

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
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Secretary of State for Industry

14 April 1981

Barney Hayhoe Esq MP
Minister of State
Civil Service Department
Old Admiralty Buildings
Whitehall SW1

MAP

Dear Barney.

WORD PROCESSORS

You wrote to Geoffrey Howe on 9 April about the progress of talks with the CPSA on a national agreement for the introduction of word processors.

I note that an undertaking that nobody would compulsorily be made redundant as a result of the introduction of word processors appears to be a sticking point for the CPSA and that it may not be possible to conclude an agreement without this. I remain convinced, however, that we should not give undertakings of this kind when many private sector companies have not done so. The fact that some private sector agreements contain such provisions does not remove my doubts: the Civil Service already enjoys quite exceptional job security and we are able to contemplate giving a no redundancy pledge with equanimity only because we - unlike private sector firms - are insulated from the effects of any decision we might make by our ability to raise taxation. The important point is that a great number of private sector firms have not given pledges; if we yield to union pressure, the pressures on firms to act uncommercially may be all the greater.

I am also concerned because, as you say, we should be setting a precedent for new technology more generally. This precedent is bound to be quoted against us and it will be difficult to avoid giving future pledges once we have conceded the principle. At a time when many private sector employers are having to make substantial numbers redundant and when there is widespread criticism of the unfair distribution of burdens, I believe that a Government pledge of the kind proposed would be widely misunderstood.

The introduction of word processors is part of the natural process of improving efficiency within the Civil Service. New

/machines ...

machines are being developed, like communicating word processors, which might make substantial staff savings possible. I do not see why we should now pay a special price for the introduction of word processors or make it more difficult for us to introduce labour saving technology in future.

Copies of this letter go to the Prime Minister, Ministers in charge of Departments and to Sir Robert Armstrong.

Yours,

Ken