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1.

Prime Minister.

Agree to see Lady Young and
Sir Robert Armstrong tomorrow about
this? Yes
19.1.82.

Ref. A07262

MR. WHITMORE

Civil Service: Introduction of New Technology

Several Ministers have been asking why the Ministerial Committee on Economic Strategy did not discuss this subject yesterday, and have been emphasising to the Chancellor of the Duchy of Lancaster the benefits which an agreement with the Civil Service unions would confer, by enabling them to make progress more rapidly than, and in areas which, they might otherwise be able to do so.

2. The TUC have given notice of their intention to raise the matter at the meeting of the National Economic Development Council on Wednesday, 3rd February, in connection with the agenda item on technology.

3. The Chancellor of the Duchy is considering what sort of form of words might be suggested to the unions, with some hope of its being acceptable, that might indicate that there will be job losses but that the Government believes that there will in the next two years be no need for, and ^{it} will use its best endeavours to avoid, compulsory redundancies on this account: something, in other words, which indicates a readiness as far as possible to absorb those displaced through redeployment and natural wastage, as a good employer should, without going to the length of guaranteeing that there will be no compulsory redundancies.

4. She would like to have an opportunity for her and me to discuss briefly with the Prime Minister, preferably tomorrow, how to proceed. A number of Departmental colleagues are actively interested and concerned, and want to see an agreement concluded. Unless she is reasonably confident of being able to secure union agreement on the basis of a form of words which the Prime Minister can accept, I believe that she will think that there should be some collective Ministerial discussion of the matter before the meeting of NEDC on 3rd February. One possibility she may want to suggest is that she should bring it to the Ministerial Committee on Economic Strategy at the meeting already fixed for next Tuesday, on the basis of a paper which would take a neutral

CONFIDENTIAL

CONFIDENTIAL

position, and thus enable her colleagues to express views on the matter and to be associated with a decision which could appreciably affect their ability to reach the manpower targets to which they are committed, and could also have considerable financial implications for them.

5. I am sending a copy of this minute to Mr. Buckley.

RA

ROBERT ARMSTRONG

27th January, 1982

CONFIDENTIAL



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Civil Service

Overtaken by event

(E (82)4 has been withdrawn)

MUS 25/1

Qa 05788

25 January 1982

To: MR SCHOLAR

From: J R IBBS

New Technology Agreement for the Civil Service

1. The Chancellor of the Duchy of Lancaster is proposing (E(82)4) that a two year national agreement be signed with the Civil Service unions which provides that no compulsory redundancies will be made as a result of the introduction of new technology.

2. I advise strongly against such an agreement. It is likely to prove a highly embarrassing precedent for the Government and make it more difficult to get ultimate acceptance of some enforced redundancy. When announced, however carefully worded, it would also seriously undermine the efforts that have been made in the private sector, and in parts of the public trading sector (e.g. steel), to establish recognition of the need for efficiency improvements even though on occasions some compulsory redundancy is unavoidable.

3. As in the competitive private sector, public sector management should be seeking to improve efficiency to avoid waste of public money. Obviously, wherever possible, labour savings should be achieved by natural wastage, redeployment or voluntary severance. But in some instances, enforced redundancy may be unavoidable and it is very harmful to allow employees and their representatives to start believing that this is not the case. Experience shows that progress in introducing new technology depends on getting recognition of economic realities and that this is possible. A 'no compulsory redundancies' agreement, even if presented as temporary, will hide such realities and may long be regretted.

4. On purely practical grounds I believe the agreement now proposed runs the risk that for relatively modest short-term benefits the long-term objective of improving civil service efficiency may be sacrificed.



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As a major user of clerical labour the Civil Service is, in the experience of the CPRS, relatively backward in its use of modern technology such as word processing. IT is now opening up enormous scope for new advances. But even in terms of established techniques the Civil Service has much ground to make up and whilst there may be no need for compulsory redundancy in the next two years, progress after that may be seriously impeded if inability to have compulsory redundancy prevents labour being shed fast enough.

5. I share the Chancellor's view that, whilst the agreement may buy union co-operation now, it runs the risk of serious damage to industrial relations in two years time if the agreement of no redundancies is then to be removed. If there is any serious likelihood of needing to start a programme of compulsory redundancies in two years' time, it will be better to conduct this from a background of no agreement on the subject rather than be seen to be abandoning a previous agreement.

6. I understand the natural wish to find a relatively easy way of getting agreement to some immediate changes that do not involve compulsory redundancy. But I believe a 'no compulsory redundancy' agreement means yielding more valuable ground. Any understanding should be limited to 'making best endeavours to avoid compulsory redundancy except as a last resort'. If this means abandoning attempts to arrive at a national agreement then the right course must be for Departments to proceed on a project by project basis even though this will not be easy.

7. I am sending a copy of this minute to Sir Robert Armstrong.