

Ref. A07235

PRIME MINISTER

New Technology Agreement for the Civil Service

(E(82) 4)

BACKGROUND

In E(82) 4 the Chancellor of the Duchy of Lancaster invites the Committee to agree to negotiations with the unions on the draft National Whitley Council Agreement on the introduction of new technology in the non-industrial Civil Service. This Agreement would run for two years; the draft is at Annex 1 of E(82) 4.

2. In correspondence most Ministers agreed with the Chancellor of the Duchy of Lancaster's proposals, but the Chancellor of the Exchequer, the Secretary of State for Education and Science and the Secretary of State for Defence argued against giving a guarantee that there would be no compulsory redundancies in the period.

MAIN ISSUES

3. Paragraph 10 of the draft Agreement reads:-

"No member of staff will be made compulsorily redundant during the period covered by this agreement as a direct result of the introduction of new technology into the non-industrial Civil Service".

4. The main fears over giving a temporary guarantee on redundancies for the period of this agreement are that it could:-

(i) set a bad example to the private sector;

(ii) make it more difficult to resist the unions' demands for a similar guarantee of no compulsory redundancies after the present two-year period runs out.

5. There will of course be job losses as a result of the introduction of new technology over the next two years; but only about 3,000 jobs will be lost, and there is not expected to be any difficulty about reabsorbing these people in the ordinary course of personnel management: with forward planning, natural wastage,

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voluntary redundancy, and redeployment and regrading where necessary there should be no need for compulsory redundancies, as a result of the introduction of new technology, in the next two years. In so far as paragraph 10 of the Agreement represents a commitment, therefore, it would be a painless and costless commitment: in effect a "statement" assuring the unions of the fact that in this particular case, and over this particular period, there will not be compulsory redundancies. It would, moreover, be made clear to the unions that they were not being offered a guarantee of no compulsory redundancies, should they be necessary, after the present two-year period.

6. The Chancellor of the Duchy of Lancaster will argue that, for the reasons summarised in paragraph 4 of E(82) 4, it would be preferable to get a national agreement now. The union leaders concerned accept the need for, and would prefer not to have to obstruct, the introduction of new technology. In many cases, however, they are tied by resolutions of their Annual Conferences to resist agreements unless there is an assurance of no compulsory redundancy. They need an agreement which contains a sufficient degree of assurance if they are to be able to carry their executives and their conferences. The fear is that without an agreement the introduction of new technology will be obstructed. There will be a series of battles with the unions at Departmental level; many of them the management will win, at the cost of some delay and damage to relations with unions, but a few of them the management will lose. So without an agreement the introduction of new technology will be slower and more painful than with an agreement.

7. The question is whether, given this situation, there is any way of giving the unions a sufficiently clear statement that the Government does not believe that compulsory redundancies will not be necessary, and will do its best to avoid them, without going to the length of using words which industry will see as a guarantee. The Chancellor of the Duchy suggests in paragraphs 9 and 10 of her paper two formulae which might be held to be a statement of intention to behave as good employers should, rather than giving a guarantee, as the formula in paragraph 8 would be seen as doing.

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8. If there is an agreement, it will be important to emphasise when it is published that there will be job losses, that the agreement does not represent a concession which will enable civil servants to sit around doing nothing, and that the position will be reviewed in two years' time after which there is no guarantee that compulsory redundancies will not arise.

HANDLING

9. After the Chancellor of the Duchy of Lancaster has introduced her paper you will wish to ask the Chancellor of the Exchequer and the Secretary of State for Defence whether they believe their worries are now met. If they do still see objections to the proposals you will wish to hear the views of the Secretary of State for Industry, who has a Departmental interest in the efficient introduction of new technology, and of some of the other Ministers with responsibility for large Departments - for example, the Secretaries of State for the Environment and for Social Services.

CONCLUSIONS

10. In the light of the discussion you will wish to record whether:
- (i) the Chancellor of the Duchy of Lancaster may authorise negotiations on the draft Agreement at Annex 1 of E(82) 4;
 - (ii) whether she is authorised to conclude an agreement on the lines of the formula set out in paragraph 10 of her paper or, if that is not acceptable, on the basis of that in paragraph 9.
 - (iii) whether, if that is not possible, she has authority to accept the existing wording of paragraph 10 in the draft Agreement, as described in paragraph 8 of the paper; or should then refer back to colleagues for further instructions; or whether to abandon the attempt to get a national agreement and leave Departments to negotiate case by case.

REA

ROBERT ARMSTRONG

1st February, 1982



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cc Ad.

Civil Service

Qa 05805

To: MR SCHOLAR

1 February 1982

From: J R IBBS

New Technology Agreement for the Civil Service

1. The Chancellor of the Duchy of Lancaster has presented revised proposals in her paper E(82)4.
2. You will recollect that I wrote to you on 25 January (my minute Qa 05788) advising against the inclusion of a 'no compulsory redundancy' clause in the proposed agreement. My own view is that any undertaking should be limited to 'making best endeavours to avoid compulsory redundancies except as a last resort'.
3. In my opinion any agreement in this area, however carefully worded, which will not easily be renewable, carries a danger of being a serious embarrassment when it expires. If at that point there is a likelihood of compulsory redundancies so that the agreement has to be different, the feeling of the employees will be that the Government is adopting a much harder line than previously; their resistance and sense of grievance will increase accordingly.
4. I suggest that good management should keep the subjects of compulsory redundancy and new technology separate. On redundancy there should be a general policy of avoiding compulsory redundancy except as a last resort. On new technology there can be a re-affirmation of that general policy but without any additional commitment. I am therefore extremely uneasy about any of the forms of words in the paper. (I believe they will still be unhelpful to efforts in the private sector and public trading sector.)
5. I would regard the wording in paragraph 8 as unacceptable. I think the distinction between paragraphs 9 and 10 (the difference between 'recourse to' and 'need for') is a bit fine in terms of presentation of an emotive issue for IR purposes, although paragraph 10 is obviously



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preferable. Personally in either I would favour deleting the words 'and intention' so that the latter part of the statement becomes a simple forecast and hence obviously one that might not apply to a future period. But even so, despite the immediate penalty attached to not getting an agreement, I think I would steer clear of anything approaching an absolute statement about compulsory redundancies even though temporary.

6. One further concern is the possible knock-on effect of redeployment if for quite separate reasons compulsory redundancy becomes necessary in another area. Paragraphs 9 and 10 appear to imply that redeployment would not lead to compulsory redundancy elsewhere - this might be difficult to disprove if quite separate problems arise which necessitate such redundancy.

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

Advised

AT.

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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.

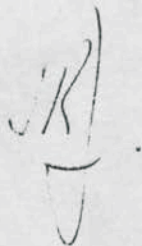
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As a major user of clerical labour the Civil Service is, in the experience of the CPRS, relatively backward in its use of modern technology such as word processing. IT is now opening up enormous scope for new advances. But even in terms of established 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.





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

From the Minister

PRIME MINISTER

1 February 1982

NEW TECHNOLOGY AGREEMENT FOR THE CIVIL SERVICE

Unfortunately, I cannot attend E Committee tomorrow to discuss Baroness Young's paper on our negotiations with the Civil Service Unions on a new technology agreement. However, I would like to record the great importance I attach to securing an agreement quickly. We ourselves are in the advanced stage of planning for a number of computer projects likely to bear fruit over the next 2 years: I fear disruption of these without the umbrella of a national agreement to reassure the staff directly concerned.

As to the issue of what text we should offer on redundancy, I could go along with the unqualified pledge at paragraph 8 of the paper if this is required to obtain Union agreement. If however you and colleagues judge we could obtain agreement with either of the other two alternative texts, I would not object to it being tried on the Unions - though I hope that those concerned with presenting our position to the Unions will guard against its appearing too grudging, and thus provoking an over reaction.

I am copying this minute to other members of E and to Sir Robert Armstrong.

Robert Leman

for PETER WALKER

(Approved by the Minister
and signed in his absence)

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
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COOPERATION