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E(82) 3rd Meeting

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CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

MINUTES of a Meeting held at
10 Downing Street on
TUESDAY 2 FEBRUARY 1982 at 10.30 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the Home Department

The Rt Hon Sir Keith Joseph MP
Secretary of State for
Education and Science

The Rt Hon Patrick Jenkin MP
Secretary of State for Industry

The Rt Hon Leon Brittan QC MP
Chief Secretary, Treasury

The Rt Hon Norman Tebbit MP
Secretary of State for Employment

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment

The Rt Hon David Howell MP
Secretary of State for Transport

The Rt Hon Baroness Young
Chancellor of the Duchy of Lancaster

The Rt Hon Cecil Parkinson MP
Paymaster General

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Michael Jopling MP
Parliamentary Secretary
Treasury

The Rt Hon Norman Fowler MP
Secretary of State for Social Services

Viscount Trenchard
Minister of State for Defence
Procurement, Ministry of Defence

Mr J R Ibbs
Central Policy Review Staff

SECRETARIAT

Sir Robert Armstrong
Mr P L Gregson
Mr D J L Moore

SUBJECT

NEW TECHNOLOGY AGREEMENT FOR THE CIVIL SERVICE

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NEW TECHNOLOGY AGREEMENT FOR THE CIVIL SERVICE

The Committee considered a memorandum by the Chancellor of the Duchy of Lancaster (E(82) 4) on a proposed agreement with the Civil Service unions on the introduction of new technology in the non-industrial civil service. Their discussion and conclusions reached are recorded separately.

Cabinet Office

3 February 1982

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MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

LIMITED CIRCULATION ANNEX
E(82) 3rd Meeting Minutes,
TUESDAY 2 FEBRUARY 1982 at 10.30 am

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NEW TECHNOLOGY AGREEMENT FOR THE CIVIL SERVICE

The Committee considered a memorandum by the Chancellor of the Duchy of Lancaster (E(82) 4) on a proposed agreement with the Civil Service unions on the introduction of new technology in the non-industrial civil service.

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that negotiations with the Civil Service trade unions on an agreement setting out the principles and practices which would govern the introduction of new technology in the non-industrial Civil Service over the next two years were now at a decisive stage. If the agreement could be approved, it would be possible to get ahead quickly with new technology projects, to save 3,000 posts and to increase efficiency. In the absence of a national agreement it would be necessary to negotiate project by project, without the degree of staff co-operation that a national agreement would make possible, and this could lead to expensive delays. Success in negotiating a national agreement turned largely on what the Government was prepared to say about redundancy. The Unions wanted an unqualified guarantee of no compulsory redundancies in the two years of the agreement. There were serious objections to such an undertaking: it could be seen, wrongly as implying that it would always be possible to avoid compulsory redundancy following the introduction of new technology in the Civil Service; it might

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be criticised as setting a bad example on the grounds that the Government was giving its own employees special treatment while expecting private sector employers to be tougher. On the other hand, it so happened that in the next two years there was virtually no need for any compulsory redundancies in the non-industrial Civil Service because of the introduction of new technology; although a number of jobs would be lost it would be possible to re-absorb the staff concerned through redeployment and as a result of normal wastage. It should be possible to negotiate an agreement which indicated this fact, and stated that it was the expectation and intention of the Official Side that there should not be any recourse to compulsory redundancies on account of the introduction of new technology during the two year-period covered by the agreement.

In discussion it was pointed out that there was a conflict between short and longer term objectives. It was in the national interest to get ahead quickly with the introduction of new technology in the Civil Service. It was clearly right for the Government to use its best endeavours to avoid compulsory redundancies where possible. But the Civil Service unions were probably interested less in the prospects for the next two years ~~plan~~ ^{than} in ~~security~~ ^{security} agreement to a commitment which could be played in aid as a precedent subsequently. It would be against longer term interests to let the unions forge a link between the introduction of new technology and the giving of unqualified guarantees that no compulsory redundancies would result; they could then use such a link to slow down the introduction of new technology. The Government should avoid unqualified guarantees, or any implication of them, and instead seek to assure the unions that in the circumstances of the next two years there should not be any compulsory redundancies but that this would not necessarily be the case in the longer term, although the Government, like any other good employer, would continue to use its best endeavours to avoid compulsory redundancies. Provided this was made clear to the Civil Service trade unions, the proposed agreement should be acceptable to private sector industry. It was also for consideration whether the Government should propose that the agreement might run for three years, rather than two; whether this would be possible would depend upon analysis of the projects likely to come to completion in the third year, and the number of job losses associated with them.

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THE PRIME MINISTER, summing up the discussion, said that while the Committee wished to see the early introduction of new technology into the Civil Service, they were unwilling to endorse an agreement which might be seen, by the Civil Service unions and by the public generally, as implying a guarantee that there would be no compulsory redundancies either in the coming two years or at any time. The Committee accepted that the wording proposed in paragraph 9 of the Chancellor of the Duchy of Lancaster's memorandum (E(82) 4) was not a guarantee, and would be prepared to endorse an agreement based on that wording, provided that a sentence was added indicating that the expectation and intention of the Official Side on redundancies was limited to the two years covered by the agreement and did not constitute a precedent for the future. The Chancellor of the Duchy of Lancaster should consider further what should be the precise wording and also whether, in the light of the forecasts about job losses for new technology, the assurance might be given for an agreement covering three rather than two years. She should take into account the problems of introducing new technology in areas employing industrial civil servants and consider whether the proposed agreement with the non-industrial civil servants would cause difficulties in the Government's relations with the industrial Civil Service.

The Committee -

Invited the Chancellor of the Duchy of Lancaster to consider further, on the lines indicated by the Prime Minister in her summing up of their discussion, the exact wording on redundancies that might be *altered* in *offered* the proposed interim agreement with the Civil Service trade unions on the introduction of new technology in the non-industrial Civil Service, whether that agreement should be for three years rather than two, and the implications of the proposed agreement for the industrial Civil Service and to report.

Cabinet Office

3 February 1982

