

DO CH/GH/0164
PART A

PO CH/GH/0164
PART A

INDUSTRIAL ACTION IN THE CIVIL SERVICE 1978-81

1981

DO'S 25 JS NA33 14-3-97

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REGISTRY SYSTEM

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PLT 1

CH/EXCHEQUER	
REC.	23 JUN 1979
FROM	SIR D. NASS ^{SECRET 20/6.}
SEND	MIR. FRANCE
TO	



PRIME MINISTER

My Private Secretary's letter of 15 June reported on the current dispute with the IPCS on the pay of the Professional and Technology and Science Groups. Since then there have been further negotiations on the latter which culminated in Paul Channon summoning in representatives of the IPCS last night on both disputes.

2. Having emphasised that Ministers were determined that these staff should be treated fairly and that there was no question of their being discriminated against he urged the IPCS to call off the strike planned for Friday. He pointed out that there could be no justification whatsoever for it; on Scientists the IPCS had been offered exactly what they had asked for - subject only to agreeing to conditions which would prevent repercussions or future misunderstandings. The P & T grades were included in pay research and had had an offer, substantial by any standards, calculated in exactly the same way as those which had produced settlements for other groups. If the IPCS were not able to accept the offer their proper recourse was to the independent Civil Service Arbitration Tribunal.

3. Negotiation between officials and the General Secretary of the IPCS had produced an acceptable conditions package on Scientists but Mr McCall had been unable to persuade his executive committee to accept it. Evidently he is not in control to the extent which he used to be. He emphasised the anger and resentment of his members and made it clear that there was no possibility whatsoever of calling off Friday's strike.

4. I am sure that there is no scope or justification for any further concession on either the Science or the P & T negotiations. Many civil servants are ignorant about what has already been offered and what the basis of management's case is. CSD last night released a Press Notice following Paul Channon's meeting. Officials wrote to Principal Establishment Officers in all departments last week about communicating with staff and have done so again today. Sir I Bancroft is also emphasising today to Permanent Secretaries the need for effective communication. Paul Channon will be seeking opportunities to put our case across through press, radio and TV between now and Friday. It is important that colleagues should see that their people concerned are aware of management's side of the story, the nature of the dispute and what is already on offer.

5. Some of the effects of a strike were covered in my Private Secretary's letter. Inevitably, it is not easy to estimate the damage a strike will cause but it is expected that it will be possible at least to provide safety cover in the more sensitive areas such as early warning stations and the air traffic control centre at West Drayton by local agreement with union members. At the Meteorological Office the hope is that not more than 25 to 30% of staff will strike so that services can be maintained to air traffic. There is greater anxiety about the tug and jetty services provided to navy vessels by the Royal Marine Auxiliary Service and this is one area which seems likely to be affected by the further selective action threatened by the IPCS. GCHQ is expected to be hit by the strike and, contrary to earlier indications, strong support for the strike is expected at at least two British Nuclear Fuel sites, although there is no hazard to safety.

6. We are continuing to gather intelligence about the likely impact of Friday's strike and the subsequent selective action. I shall make further reports as circumstances demand. In the meantime, we have arranged for copies of a note, explaining the position, to be placed in the Government Whips' Offices in both Houses in order to inform Members and Peers of the present position.

7. Copies of this go to Cabinet colleagues, the Minister of Transport, the Chief Whip and Sir John Hunt.

S.

SOAMES

20 June 1979

Miss Gower
ECCS



REC.	20 JUN 1979
ACTION	SIR D. WASS
COMES TO	MIR. FRANCE

PRIME MINISTER

[Signature] 2/6

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S.

SOAMES
20 June 1979

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Eccs
R/k

PERM. SEC'S. OFFICE	
Action	
Copies	Principal Private Secretary Mr. France

CIVIL SERVICE DEPARTMENT
WHITEHALL LONDON SW1A 2AZ

Telephone 01 273 5400

FILE

Sir Ian Bancroft G.C.B.
Head of the Home Civil Service



T Lankester Esq
10 Downing Street
London SW1

22 June 1979

Dear Tim,

IPCS INDUSTRIAL ACTION

Today's strike call by the IPCS was made to all members of the union but perhaps because substantial numbers (45-50%) have already received administration-linked pay settlements, the response has varied substantially from group to group.

There was high response among Professional and Technology Officers, particularly in areas supervising industrials such as those at the Royal Ordnance Factories, HMSO, Royal Mint, GCHQ and British Nuclear Fuels, where the response has been virtually 100%. (This may be a result of a long-running IPCS dispute over differentials between industrials and non-industrials). There was also a substantial response in PSA.

Among Scientists the pattern is more difficult to discern but it seems that about two-thirds of staff in the major Government laboratories joined the strike.

From other IPCS grades, the support for the strike has been very mixed. It possibly amounts to about 33% including Inland Revenue valuers, Information Officers in some Departments, Librarians and Photographers.

Turning to specific areas, public attention has been focussed on Heathrow Airport. While the CAA say that absenteeism among Air Traffic Controllers was only 10%, interruption to power supplies caused severe disruption to air services; 25% of services from Heathrow were maintained during the day; the position will remain the same, or perhaps slightly improve during the evening. Some difficulties could also arise tomorrow. Despite strike action at the meteorological Office, weather reports for air traffic and shipping were maintained. One result of the strike has been the laying off of several thousand industrials because IPCS grades

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were not present to provide supervision. Production stopped at the Royal Mint, HMSO presses, British Nuclear Fuels and in Royal Ordnance Factories. No firm indications of the targets for the forthcoming campaign of selective industrial action have been received; it is assumed that this will mainly affect the dockyards, Government printing and the Royal Mint.

... For your general information, I am attaching to this letter two schedules setting out the basic details of the offers made to the IPCS, their claims, and the cost of these.

I am sending two copies of this note to Private Secretaries of Permanent Secretary Heads of Departments to keep them informed of the position and to enable them to inform Ministers of the position, and to Sir John Hunt.

Yours sincerely,
David

DAVID LAUGHRIN
Private Secretary

SCIENTISTS

Numbers: Civil Service (including consequential): 20,000
 Fringe Bodies : 12,000

Grade	Present Maximum	Offer/Claim
PSO	8461	11300 (33.6%)
SSO	6898	8700 (26.1%)
HSO	5448	6737 (23.6%)
SO	4415	5480 (24%)
ASO	3303	4030 (22%)

	Old Pay Bill	New Pay Bill	Cost
Total (Civil Service)	£103.1m	£130.6m	£27.5m (26.7%)
Total (Fringe Bodies)	£62.5m	£79.2m*	£16.7m* (26.7%)
Overall Total	£165.6m	£209.8m*	£44.2m* (26.7%)

*Approximate Estimate only.

PROFESSIONAL AND TECHNOLOGY STAFF

Numbers: Civil Service (including consequentials): 51,300
 Fringe Bodies : 7,000
 Total : 58,300

Grade	Present Maximum	Current Pay Bill £m	IPCS Claim	% Increase	Cost Increase £m	CSD Offer	% Increase	Cost Increase £m	Difference %	Difference Cost £m
PPTO	8729		12675	45.2		10700	22.6			
PTO I	7064		10150	43.7		8350	18.2			
PTO II	5739		7850	36.8		6675	16.3			
PTO III	4869		6750	38.6		5625	15.5			
PTO IV	4326		6375	47.4		5050	16.7			
Over all:										
Civil Service		263.0		43.3%	113.8		17.5%	46.1	25.8%	67.7
Civil Service + Fringe Bodies		307		43.3%	132.9		17.5%	53.8	25.8%	79.1

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2BB

TELEPHONE 01-219 1000
DIRECT DIALING 01-718 2111/3

SECRET
MANAGEMENT IN
CONFIDENCE

6th August 1979

MO 20/17/6

Dear Christopher,

CH/EXCHEQUER	
REC.	- 7 AUG 1979
ACTION	Mr P. YNED
COPIES TO	CST
	PST
	NSC(C)
	NSC(L)
	SIR D WASS
	SIR L MARY
	MR LITTLE
	MR UNWIN
	MR FRANCE
	MR FLOWER

INDUSTRIAL ACTION IN THE CIVIL SERVICE

Now that we are coming to the end of the IPCS industrial action over the pay of the professional and technology group, I should like to thank you and the Minister of State for your untiring efforts to bring the dispute to an end as quickly as possible. At the same time I think I should set out the severe effect this dispute has had on the Ministry of Defence. There is no doubt that the IPCS has brought about considerable disruption and its actions have come close (despite the Union's protestations to the contrary) to being a real threat to our operational capability, and to health and safety.

The air defence stations and radar, and the early warning system, have been maintained by a series of improvisations. Over 50 Royal Air Force and 7 United States' Air Force stations have been affected by IPCS action to varying degrees, and in a number of cases defence operations have been kept going only by the slenderest margin. Disruption at the Clyde Submarine Base has been considerable but the deterrent has been maintained with the assistance of Naval personnel. Operational training and important trials have been seriously

/ bit ...

The Lord Soames GCMG, GCVO, CBE

SECRET
MANAGEMENT IN
CONFIDENCE

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hit by action in the Royal Maritime Auxiliary Service; submarines have been left with insufficient torpedoes; stocks of important charts and military maps have been exhausted; the Army has experienced difficulties in its workshops; and Servicemen in many areas have been without hot water and hot food at various times.

All the dockyards have been seriously affected and production has been cut to something like 20-25% of normal. About 40,000 man-weeks have been lost and refits have made little or no progress. The time lost cannot be recovered. The loss of overtime earnings by industrials has accelerated the run-out of dockyard craftsmen and there has been a build-up of ill-will locally which will make a return to normal working difficult, let alone attractive to the recruitment of new labour the prospect for which is bleak.

In the Royal Ordnance Factories production also has been down by a quarter, often through the action of a few essential staff in key positions. In some factories a large proportion of the work force has had to be laid off with pay. At the Atomic Weapons Research Establishment where, as you know, there have been special and very serious problems for some time, the vital production and trials programmes have been further delayed. More generally research, development and the checking of technical costs at our contractors have suffered. The Government is then asked to sign a 'no victimisation' clause!

All this has been brought about by the IPCS on the cheap, following the earlier example of the CPFA and SCPS. Twenty chosen non-industrials can cripple or close a production unit of 2,000 people. The pay of the twenty is made up by their Union, while the remaining staff and industrials are paid whether there is work for them or not. In other cases selective working can have a significant effect on output, but the only apparent legal remedy of dismissal seems of doubtful utility in situations of this kind.

Moreover, the conditions of service for non-industrials were drawn up in times when there was a real sense of vocation.

/ Industrials ...

SECRET
MANAGEMENT IN
CONFIDENCE

Page 3 of 3 pages

Industrials cannot operate a selective strike because if a few of them hamper production the remainder are laid off without pay. Thus, not only have we been left without adequate weapons to deal with the current dispute but there is also a basic and no longer excusable distinction between industrial and non-industrial conditions of service.

I know the difficulties of securing change, but change we must. I have instructed my officials to study the possibilities fully and present some ideas. I am very glad that your people have agreed to join in. My officials will also keep in touch with Department of Employment officials. I will take every step I can to reduce the vulnerability of defence installations and operations. But by itself this cannot be enough. We need to consider changes in conditions of service and it is quite likely that we may also have to consider a change in the law. Other countries have different arrangements, which are surely worth at least examination. We cannot have our defences put at risk in this way. Nor can we be put in a position where management does not have available suitable responses. Unless we can find some solution to these admittedly very difficult issues, the action taken in this year's disputes will be a watershed, and the Government's ability to secure its objectives in defence or for that matter in other departmental programmes will be threatened. Somehow, between us all, we need to find a way to redress the balance.

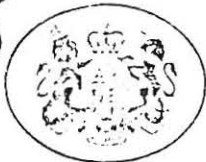
I am copying this letter to the members of OD, the Secretary of State for Employment, the Attorney General, the Lord Advocate, and to Sir John Hunt.

Jan 10 1956
Francis Pym

Francis Pym

SECRET
MANAGEMENT IN CONFIDENCE

SECRET MANAGEMENT IN CONFIDENCE



Foreign and Commonwealth Office

London SW1A 2AH

CHIEF CLERK	
REC.	9 AUG 1979
ACCT.	Malone
COMM.	
TO	

9 August 1979

Dear David,

*Mr. Malone
 Mr. Jones
 Mr. Smith
 Mr. Brown
 Mr. White
 Mr. Black
 Mr. Green
 Mr. Grey
 Mr. Blue
 Mr. Yellow
 Mr. Purple
 Mr. Pink
 Mr. Orange
 Mr. Red
 Mr. Brown
 Mr. Black
 Mr. Green
 Mr. Grey
 Mr. Blue
 Mr. Yellow
 Mr. Purple
 Mr. Pink
 Mr. Orange
 Mr. Red*

INDUSTRIAL ACTION IN THE CIVIL SERVICE

The Lord Privy Seal has seen your Secretary of State's letter of 6 August to Lord Soames, and very much agrees with Mr Fyn's conclusions. I am copying this letter to the recipients of his letter.

*Yours truly,
 M A Wickstead*

M A Wickstead
 Assistant Private Secretary
 to the Lord Privy Seal

D B Grand Esq
 Assistant Private Secretary
 to the Rt Hon Francis Fyn MP
 Secretary of State for Defence
 Ministry of Defence
 Main Building
 Whitehall
 London SW1



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

16 August 1979

The Rt Hon Francis Pym MC MP
Secretary of State
Ministry of Defence
Whitehall
LONDON SW1

CIVIL SERVICE	
REC.	16 AUG 1979
TO	Mr Rayner
CC	PS/CS
	PS/FS
	PS/MS(c)
	PS/MS(L)
	SC DWain
	Si L Avey
	M Little
	Mr Unwin
	M France - away
	M Mower

1 Hkly
JEC

Dear Francis,

INDUSTRIAL ACTION IN THE CIVIL SERVICE

Thank you for your letter of 6 August. I agree that we must do all we can to reverse the prevailing attitudes in the Civil Service which seem to differ from what we knew in the past in two ways. Civil servants seem to strike now as a first and not a last resort and by withdrawing the labour of a few cause damage out of all proportion to the numbers involved.

You refer to the study which you have set up in which my officials will be participating. You no doubt also know that CSD has an official group, on which your department is represented, which has been at work for the past few months. We need to ensure that these two groups do not get their lines crossed.

I hope we shall be able to discuss with our colleagues very shortly proposals for action resulting from our various studies.

I am sending copies of this letter to the recipients of yours.

Yours ever

Christopher

SOAMES

SECRET



577 14

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

ECOS
pa

The Rt Hon The Lord Soames GCMG GGCVO OBE
Lord President of the Council
Civil Service Department
Old Admiralty Buildings
Whitehall
LONDON
SW1

SECRETARY	
REC	30 AUG 1979
ADM	Mr. Rayner
CCS	PPS POFST
10	PS/MST. PS/MST(1)
	Sir D. Vass
	Sir L. Airey
	Sir A. Rawlinson
	Mr Anson
	Mr Bailey

30 August 1979

Mr F Butler
Mr Unwin
Mr Littler
Mr France ——— away

CIVIL SERVICE INDUSTRIAL PAY

I refer to your letter of 16 August to Sir Keith Joseph.

I agree we should stand firm on the staging arrangements which have been proposed for industrial civil servants. The offer is a good one and there is no justification for staging more favourable than that given to the non-industrials.

But perhaps the most sensitive aspect of any improvement on the present offer would be the repercussions for the Clegg groups. The staging offered is already more generous than that determined for the local authority manuals and National Health Service groups. It is difficult to say whether they would seek to re-open their settlements, but it is worth noting that Mike Martin, who is I think the TGWU representative to whom you refer, is the Vice-Chairman of the Great Britain Ambulance Whitley Council and also a member of the GB Ancillary Staffs Whitley Council.

There are already signs that the local authority manuals regard the offer to Civil Service industrials as being unduly generous in terms of total increase as compared with their award. If added to this they had to face more favourable staging there is little doubt they would object and be fortified in pressing even harder for more favourable and larger increases in the pay round shortly to begin, having regard to their next settlement date of November 1979.

301/8

I strongly support your view therefore that we should stand firm on the staging offered. If we relent, the implications for public expenditure could be substantial.

I am copying this letter to the recipients of yours.

Approved by the Secretary of State
and signed in his absence

J S WILSON
Private Secretary

X.C. Contracts Civil Service

Mr. [unclear] 16
Mr. [unclear]
Mrs. [unclear]



4021/65

CH/EXCHEQUER	
REC.	- 1 OCT 1980
ACTION	Mr. Vernon (R) E
COPIES TO	Sir D. Wasi
	PS/CSE
	PI/IR
	PS/DNS

HOUSE OF LORDS,

SWIA OPW

Mr. McCannagh - IR
Mr. F.H.R. [unclear]
Mr. P. [unclear]

30 Sep: do.

My dear Margaret

Civil Servants' Contracts of Employment

I had hoped to attend E Committee for the discussion of this subject, but the meeting has been fixed for Thursday morning, when I must be present in the House of Lords to join in the tributes to Lord Dilhorne. I therefore cannot attend the meeting, but it may be useful if I briefly record my view of the matter, on the basis of the Lord President's two papers (E(80)83 and 84).

The issue seems to me political rather than legal. There is quite a good argument on one level for legislating. I think that circumstances might well arise, short of a general national emergency, in which selective industrial action by civil servants made it desirable, and reasonable in the eyes of the public, to lay off some civil servants without pay. I would not myself regard it as fundamentally inadmissible to legislate so as to alter the terms of service of civil servants in the way proposed. It is artificial to regard their relationship with the State which employs them as if it were a matter of private contract, and I do not accept that they necessarily have a right to be treated in every way like employees in the private sector. The proposed power to lay off might be useful in the public interest, and I do not see that it would be unreasonable in principle to take it, as against civil servants.

In practice, however, I doubt whether the game would be worth the candle. I recognise that such legislation might

The Right Honourable
The Prime Minister

be quite attractive to some of our supporters. Nevertheless, it seems doubtful whether the benefit to be gained, in terms of increased leverage in disputes, would be worth the price, in terms of Parliamentary and union opposition and bad feeling. It is true that if we face a winter of discontent in the Civil Service, such powers might be all the more useful; on the other hand, the process of taking them might aggravate discontent by uniting moderates with militants in common opposition to the legislation. On balance, I do not think that the case is made out for going ahead with this project in present circumstances.

I would like to make it clear that in any event I would be opposed to attempting to extend such powers to the private sector, which I think would be a serious mistake.

I am sending copies of this letter to the other members of E Committee, to the Attorney-General and the Lord Advocate, and to Sir Robert Armstrong.

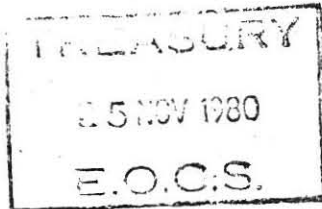
yrs :


 A handwritten signature consisting of a large, stylized initial 'L' followed by several loops and flourishes.

CONFIDENTIAL

Bcc

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THE BOARD ROOM
INLAND REVENUE
SOMERSET HOUSE

24 November 1980

PRIVATE SECRETARY TO THE FINANCIAL SECRETARY

POSSIBLE LEGISLATION TO ENABLE CIVIL SERVANTS TO BE LAID OFF WITHOUT PAY (E(80)84)

We understand that Ministers will shortly be considering again the possibility of legislating to enable employees in all or part of the public sector, and possibly also in the private sector, to be laid off without pay if their work dries up because of industrial action by fellow workers.

2. We commented on this during the summer (Mr Vernon's minute of 6 August to PS/Chancellor). We agreed then with the Lord President's view that so far as the Civil Service was concerned such legislation was likely to unite militants and moderates. We also thought that the sense of unfairness, which would be likely to be felt by moderates, would be strengthened by the arbitrary effect of the legislation as between different groups of non-striking employees. This is still our view in the Revenue.

3. The Financial Secretary may also like to be aware of the possible scope for the exercise of such a power. It is likely to be fairly small in the Inland Revenue.

cc Chancellor
Minister of State (C)
Minister of State (L)
Sir Douglas Wass
Sir Douglas Lovelock
Mr Littlewood
Mr Butler

Sir Lawrence Airey
Mr Boyd
Mr Vernon
Mr Galey
PS/Inland Revenue

CONFIDENTIAL

The great majority of Revenue staff are not dependent for their work on material controlled by a small group of individuals. In the Pay As You Earn system for example the bulk of the staff work in local offices dealing with returns, coding, assessing, etc of individual employees. Except at Centre 1 (Scotland), and small groups of Districts in the Planet scheme, this work is not at present computerised. The computerised element of Pay As You Earn work is the accounting system, operated through 2 offices, for receiving and banking the remittances of tax and national insurance contributions from employers. A strike by the small group of staff operating these computers would, as Ministers know, be a serious matter if it interfered with the flow of revenue, and we have contingency plans to deal with this. Even if such a strike did occur however it would not have the effect of leaving large numbers of Revenue staff without work. Local office staff could continue their normal work on individual employees without difficulty. It is true that a strike by computer operators in Centre 1 would start to have effect on the work of the staff in that Centre, but only after a month or so; and it would not affect Pay As You Earn work in local tax offices in England and Wales.

4. Staff in Revenue offices other than Pay As You Earn offices would similarly be able to continue their work without disruption by a small group of staff.
5. In short, the kind of situation at which the legislation under consideration would be aimed is unlikely to occur to any significant extent in the Inland Revenue. The great bulk of moderate staff members are however likely to feel resentment at the idea of such legislation and therefore to become susceptible to the views of militants if the legislation is introduced.
6. In contrast the Department for National Savings is vulnerable. During the 1979 pay dispute they were seriously disrupted by the withdrawal of computer staff, initially at


CONFIDENTIAL

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the Premium Savings Bond Office at Lytham St Annes and later at the National Savings Bank, Glasgow. The number of staff without normal productive work at the peak reached about 1,000. DNS management felt at the time that if it had been possible to send these people home without pay the unions may have called a halt to industrial action much sooner.

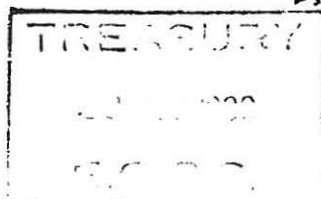
7. On reflection, the DNS view is that if they had been able to withdraw pay, they would first have had considerable difficulty identifying which staff from those employed on the same type of work should be sent home and second, would have been penalising staff not directly involved in the action. This could have had disastrous long-term effects on industrial relations in the Department; probably slowing down the difficult recovery from the strike situation. More immediately it would probably have resulted in the unions simply switching their action elsewhere.

8. I understand that Customs and Excise will be commenting separately.


J F BOYD

CONFIDENTIAL

1. MR ~~DIXON~~
2. FINANCIAL SECRETARY



CC Chancellor of the Exchequer
Chief Secretary
Sir D Wass
Mr Ryrie
Mr F E R Butler ✓
Mr Buckley ✓
PS/C & E
PS/IR
Mr Littlewood (DNS)

BRIEF FOR E(CS)(80) SECOND MEETING

Lay-off without pay

1. Ministers instructed (E(80) 35th meeting, item 1) that Bills should be drafted to enable employers to lay off without pay employees who are without work because of industrial action of others. These would be held ready for introduction if circumstances warranted. One Bill would apply across the economy, the other would be limited (in some form) to the public services. E(CS)(80)10 is a report by the Official Committee on the possible shape of the draft legislation. The CPRS paper (ECS80 11) looks at the issues that Ministers will need to consider in deciding whether to introduce legislation (in whichever form) and apply to a particular situation. The distinction between having the legislation drafted on a contingency basis and actually introducing it is an important one. In our view, the case for contingency preparation has been clearly made out (see, for example, the CSD minute to you of 24 November, and the earlier case of ROF Bishopston, which led Mr Pym to press the case for legislation). Whether to introduce it in particular circumstances is a very different issue - see for example the Inland Revenue submission to you of 24 November. We suggest that E(CS) should try and avoid getting engaged in a discussion of the latter issue at this stage.

2. The proposals for the main provisions of the legislation applying across the economy are set out in paragraph 4 of E(CS)80 10. We recommend you to support these. Points you may wish to note are:

a. The exercise of the power will have to be discretionary, but it seems highly unlikely that private sector employers will use it. For example, Mr Prior and Mr Channon discussed this with Ford, ICI, and Midland Bank, who were all opposed to the concept. The case of the bank is particular relevant, because the disruptive effect of strike action by a few computer staff parallels many of the problems faced by the public services.

b. The loss of pay could have a severe effect on pension entitlements in cases where employees were nearing the end of service. It would be up to employers whether they made up such entitlements or not. This aspect would be open to criticism. The committee have not so far found a way of maintaining pension entitlements: but some further consideration may be called for. It should be noted that in cases where employees can already be laid off without pay, they have no pension protection.

3. There is one further possible provision you may wish to consider. The employers' right to lay off applies to all employees without work as a result of industrial action, whether or not they are members of the unions involved in the dispute, and indeed whether they are members of unions at all. Is it worth suggesting (it cannot be more at this stage, because the ramifications require careful examination) that employees who are laid off and who are not members of the unions involved in the dispute should have a right to sue those unions for the loss of income and pension rights involved?

4. The coverage of the public service Bill is a difficult problem. Officials concluded that there was no case for including the public corporations in such a bill, because for these purposes they were indistinguishable from the private sector. We recommend you to agree with this. Coverage within the public services is more difficult. Our view is that the most likely outcome is that the bill should cover the whole of the public services: anything more narrow would look like deliberate discrimination. However, there may be circumstances in which its coverage would be narrowed, and there is much sense in the

proposal for trying to draft the bill in such a way that it could apply to either the civil service, local authorities, the NHS or any combination of these.

5. The CPRS paper is, in our view, an important and helpful one. It is one thing to have contingency legislation drafted, another to introduce it. Accordingly, a checklist of the issues to be considered before introduction is contemplated is very important. The paper itself may look negative, because it is inevitably slanted towards the objections to introducing legislation. But this is as it should be. The positive case will be obvious: it is the possible objections that need to be considered. As the paper suggests, (a) (the) checklist could undoubtedly be refined. But we recommend you to endorse it generally.

Line to take

6. We recommend you to:

- a. endorse the provisions proposed in paragraph 4 of E(CS)(80) 10, subject to raising the question of whether employees laid off but not members of the unions involved in the dispute should be able to sue the unions for compensation^x;
- b. agree that the second bill should be limited to the public services, and its precise coverage within this be left open;
- c. to authorise drafting to proceed; and
- d. to welcome the CPRS checklist, and to endorse its general approach.

Dismissal of civil servants for taking part in industrial action

7. The report by the official committee (E(CS)(80)9) has been a long time in gestation, and regrettably amounts to little more than a mouse. The key points are:

(Restricted Circulation)

- a. Section 62 of the Employment Protection (Consolidation) Act 1978 provides that in the event of industrial action, no case shall lie against the employer for unfair dismissal provided all employees are treated alike - all dismissed or offered reinstatement.
- b. Where section 62 is not applicable, Estacode Kb disciplinary procedures can be used to dismiss for taking industrial action, but are geared primarily to individual disciplinary offences and consequently contain lengthy safeguards.
- c. Counsel's opinion is that, given the existence of Estacode Kb, any attempt to introduce an alternative dismissal procedure would run the risk that an industrial tribunal would judge dismissal under that procedure unfair.

If counsel's advice is accepted, then the only route for dismissals in the event of industrial action where section 62 does not apply is the use of Estacode Kb, despite its drawbacks. There is no prospect of negotiating simplified procedures or a new dismissal procedure with the unions. The only alternative would be legislation directed specifically to the civil service, which would be contentious and discriminatory. We would not advocate this unless a clear and demonstrated need arose.

8. Counsel's advice suggests that if Estacode Kb is to be used for dismissal in cases of industrial action, a warning to this effect should be issued to staff. The report advises that this should be approved by ministers, and only issued when circumstances warrant: otherwise the effects would be unnecessarily inflammatory.

Line to take

9. In spite of the drawbacks noted above, we recommend you to endorse officials' recommendation as set out in paragraph 6 of the paper.

A. D. Reed
PP. P M RAYNER
25 November 1980

MANAGEMENT - IN CONFIDENCE

CHANCELLOR OF THE EXCHEQUER

pa.
F20
P
c Sir Douglas Wass

CIVIL SERVICE PROTEST MEETING

In connection with the Lord President's minute of 8 December, you may be interested to know that 12 Treasury staff were notified to my Group as having attended the London protest meeting: 4 of the 12 were absent for less than an hour and so did not lose pay. The 12 were mainly junior grades and no member of the Administrative Group were among them. Some of those who attended were Staff Side representatives who will have felt under some obligation to do so.

F.E.R.B.

F E R BUTLER
11 DECEMBER 1980



P. RAYNER

PPS

P. V. DIXON

FER BUTLER

PRIME MINISTER

CIVIL SERVICE PROTEST MEETINGS

The recent meetings by the Council of Civil Service Unions, during working hours, to protest at the breaking of the Civil Service Pay Agreement, were attended by 30,000 non-industrial civil servants (about 6% of the total). Those who attended did so without authority and will lose pay. Additionally, some meetings, not originally planned by the CCSU, took place outside working hours - we do not know how many civil servants attended these meetings in their own time, but the Unions are claiming a further 20,000.

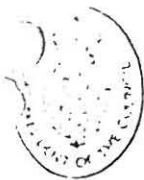
The planned meetings were held at centres throughout the country; the degree of absenteeism varied - 8,000 staff in Scotland took part, nearly 6,000 in the North-West of England and nearly 5,000 in the North-East. All Departments were affected, some more than others (11,000 Inland Revenue staff, for example) and there was inevitably some short-term disruption to services to the public.

The extent of support for the meetings was higher than we could have expected for this type of demonstration - only 11,700 non-industrial civil servants took part in the TUC day of action in May. It is a pointer to the likelihood of industrial action in the early months of next year.

I am copying this to the Chancellor of the Exchequer, members of E(CS) and to Sir Robert Armstrong.

SOAMES

8 December 1980



REC 19 JAN 1981

Mr E. R. F. [initials]

TO LSI
R.S.J.
MSTC
MSTC
Sir D. MASS

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

John Halliday Esq
Private Secretary to the Home Secretary
50 Queen Anne's Gate
LONDON SW1H 9AT

16 January 1981

cc D. [unclear]
R. [unclear]
L. [unclear]

Dear John

PRESENTATION ON CONTINGENCY PLANNING FOR INDUSTRIAL ACTION
IN THE CIVIL SERVICE

The Lord President was glad to hear that the Home Secretary will be able to attend the Presentation on Contingency Planning for Industrial Action in the Civil Service which officials from this Department and others will be giving at 1130 on Monday 26 January. If your Minister is brought to the Golden Door of the Old Admiralty Building on Horse Guards Parade, he will be met and shown to the room where the presentation is to be held. We expect it to last for something over an hour.

The presentation will cover the following ground:-

- a. A short introduction on the likelihood of industrial action, state of union readiness, and the range of management responses. =
- b. The target areas of high sensitivity and vulnerability including computers, VAT and customs controls and the payment of pensions and benefits.

There will be an opportunity for discussion at the end of the presentation.

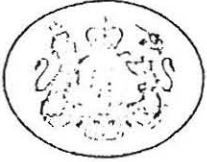
I am copying this letter to the Private Secretaries of those other Ministers who are attending: the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, Secretary of State for Employment, Secretary of State for Social Services, Secretary of State for Scotland, Minister of State Civil Service Department, Parliamentary Under Secretary of State for the Army.

Yours sincerely
Vivien life

MISS V F LIFE
APS Lord President

CONFIDENTIAL

Misc ~~low~~
M. ~~Walker~~
The ~~Chapman~~
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CH/EXCHEQUER	
DATE	27 JAN 1981
TO	MR VERNON-IR
	CSI
	PSI
10	SIR P. WASS
	PSIR
	PSICF
	MR LITTLEWOOD (Dir)
	MR P. RAYNE
	MR G. A. BUTLER

HOME OFFICE
QUEEN ANNE'S GATE LONDON SW1H 9AT

26 January 1981

Dear Jim,

USE OF RETIRED MANAGEMENT PERSONNEL IN THE EVENT OF INDUSTRIAL ACTION

At the meeting of CCU on 30 October last year Ministers were invited to consider the use of retired management personnel and to inform the Lord President of any Civil Service tasks that they thought retired staff might be able to perform.

The Home Secretary's view is that there is unlikely to be much scope for using retired staff to work in the Home Office in the event of industrial action. Such action (if it takes place) seems likely to focus on specialist areas, such as computer operations, which could not be undertaken by retired staff, at least without some retraining. In the Prison Service, in the event of further industrial action by prison officers, we would have to rely again on the army and the police, and we would not expect industrial action by the governor grades to take the form of a total withdrawal of labour. Even if it were practicable to use retired staff for some tasks, it could be counter-productive if it antagonised staff who would otherwise be prepared to work normally. For this reason we would be reluctant to use retired immigration officers for immigration duties. The only area where we think there might be a case for considering this idea further, is in taking the place of security guards at headquarters buildings, which has given rise to some difficulty in the past.

I am copying this letter to the Private Secretaries to members of CCU, to David Wright, and to Robert Wade-Gery.

Tom.
S. W. Boys Smith

(S W BOYS SMITH)

J Buckley Esq

CONFIDENTIAL

5/2/81

CONFIDENTIAL

6/05/81



D B Vernon
Director of Personnel

Inland Revenue
Somerset House
London WC2R 1LB

Telephone: 01-438 6780

F E R Butler Esq
HM Treasury
WHITEHALL
LONDON SW1

29 January 1981

Rollerpa.
Don Bryars,

USE OF RETIRED MANAGEMENT PERSONNEL IN THE EVENT
OF INDUSTRIAL ACTION

As arranged, I am circulating a draft note and letter for the Chancellor's Office. I should be grateful if you, Littlewood (DNS) and Don Bryars (Customs), to whom I am sending copies, could let me have any comments and suggestions for amendments. I have left certain passages in square brackets because I am still awaiting the advice of our own experts on this point; but I did not wish to hold up the draft on that account.

Yes over
Am

D B Vernon

CONFIDENTIAL

DRAFT

PRINCIPAL PRIVATE SECRETARY

USE OF RETIRED MANAGEMENT PERSONNEL IN THE EVENT
INDUSTRIAL ACTION

1. Mr Boys Smith's letter of 26 January to Mr Buckley records that at the CCU meeting on 30 October last year Ministers were invited to consider the use of retired management personnel in the event of industrial action. We understand that there was no Treasury Minister present at that meeting; but in view of the large number of staff in 3 of the Chancellor's Departments, he wishes a comment to be sent. This note, and the attached draft letter, reflect the views of Treasury (Personnel), Customs & Excise, Department of National Savings and Inland Revenue; we have not however sought the views of the Royal Mint

2. All 4 Departments agree that the disadvantages and uncertainties of the proposal heavily outweigh any possible benefits; and the draft letter reflects this. As the Chancellor knows, contingency plans have been made to deal with the most important functions. Any attempt to use retired staff might well prejudice those plans. To mobilise them for offices which are not of primary importance would absorb - probably in overall view to little useful effect - management resources which will be urgently needed to try to keep as much of the machine going as possible.

3. [As mentioned in the draft letter, the rules about combined Civil Service pay and pension may well make jobs of this kind unattractive to retired Civil Servants. This of course is very much a matter for CSD expertise.]

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DRAFT LETTER FROM CHANCELLOR'S PRIVATE OFFICE
TO LORD PRESIDENT'S PRIVATE OFFICEUSE OF RETIRED MANAGEMENT PERSONNEL IN THE EVENT
OF INDUSTRIAL ACTION

The Chancellor of the Exchequer has seen a copy of Stephen Boys Smith's letter of 26 January to Jim Buckley.

The Chancellor's view is that for his own Department the disadvantages and uncertainties of the proposal outweigh any possible benefits. One general danger is that the use of such people would have a long term damaging effect on industrial relations in the Civil Service, and in the short term would lead to people to go on strike who would not otherwise have done so.

The practical issue is whether retired people with the ability to carry out the key tasks would be willing to do so, and would be available at the right time and in the right place. Many might not be willing; this would depend on how far they sympathised with the reasons for the industrial action. Others would simply be in the wrong area living in retirement away from the places where the key tasks are located. And it would be very difficult to mobilise them effectively to deal with the kind of surprise disruptions which the unions seem to be planning as part of their tactics, particularly in Departments which, like the Chancellor's, are largely dispersed over the country.

The difficulty of knowing where disruption might take place does not apply to the key units at which the unions will certainly be aiming. Even here however the other difficulties remain. Retired management staff who were willing and in the right place would be unlikely to have the up-to-date knowledge and training for the specialised functions needed in these locations. An attempt to use them

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in these circumstances might indeed prejudice the effectiveness of the existing contingency plans. [The Chancellor understands that there might also be complications in paying retired Civil Servants, having regard to the rules which limit the total of pension and pay. Some of them might get virtual nothing out of it.]



INLAND REVENUE
MANAGEMENT DIVISION
SOMERSET HOUSE

Miss Court
Mr. Chambers
Mr. Walker

PRINCIPAL PRIVATE SECRETARY

30 January 1981

USE OF RETIRED MANAGEMENT PERSONNEL IN THE EVENT OF INDUSTRIAL ACTION

1. Mr Boys Smith's letter of 26 January to Mr Buckley records that at the CCU meeting on 30 October last year Ministers were invited to consider the use of retired management personnel in the event of industrial action. We understand that there was no Treasury Minister present at that meeting; but in view of the large number of staff in 3 of the Chancellor's Departments, he may wish a comment to be sent. This note, and the attached draft letter, reflect the views of the Treasury (Personnel), Customs & Excise, Department for National Savings and Inland Revenue; we have not however sought the views of the Royal Mint or the Paymaster General's Office; it would be for the Paymaster General, who is a member of the CCU, to send in any comments about his Department.

2. All 4 Departments agree that the disadvantages and uncertainties of the proposal heavily outweigh any possible benefits; and the draft letter reflects this. As the Chancellor knows, contingency plans have been made to deal, as far as possible, with the most important functions. Any

cc Chief Secretary
Financial Secretary
Minister of State (Lords)
Minister of State (Commons)
Sir Douglas Wass
Mr Littlewood (DNS)
~~Mr F E Butler~~
PS/Customs & Excise)
Mr Bryars (C & E)

Sir Lawrence Airey
Mr J F Boyd
Mr Vernon
Mr Houghton
Mr Rogers
Mr Galey
PS/Inland Revenue

CONFIDENTIAL

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attempt to use retired staff might well prejudice those plans. To mobilise them for offices which are not of primary importance would absorb - probably in our view to little useful effect - management resources which will be urgently needed to try to keep much of the machine going as possible.



D B Vernon

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DRAFT LETTER FROM CHANCELLOR'S PRIVATE OFFICE TO LORD
PRESIDENT'S PRIVATE OFFICE

USE OF RETIRED MANAGEMENT PERSONNEL IN THE EVENT OF
INDUSTRIAL ACTION

The Chancellor has seen a copy of Stephen Boys Smith's letter of 26 January to Jim Buckley.

The Chancellor's view is that for his own Departments the disadvantages and uncertainties of the proposal outweigh any possible benefits. One general danger is that the use of such people would have a long term damaging effect on industrial relations in the Civil Service, and in the short term would lead some people to go on strike who would not otherwise have done so.

The practical issue is whether retired people with experience of the key tasks would be willing to serve, would be available at the right time and in the right place, and could become effective again in the job quickly enough to contribute. Many might not be willing; this would depend on how far they sympathised with the reasons for the industrial action. Others would simply be in the wrong area - living in retirement away from the places where the key tasks are located. And it would be very difficult in practice to mobilise them to deal with the kind of surprise disruptions which the unions seem to be planning as part of their tactics, particularly in Departments which, like the Chancellor's are largely dispersed over the country.

The difficulty of knowing where disruption might take place does not apply to the key units at which the unions will certainly be aiming. Even here however the other difficulties remain. Retired management staff who were willing and in the right place would be unlikely to have the up-to-date knowledge and training for the specialised functions needed in these locations, especially in the case of ADP operations. An attempt to use them in these circumstances might indeed prejudice the effectiveness of the existing contingency plans.

CONFIDENTIAL

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I am copying this on the same basis as Stephen Boys Smith's letter.

CONFIDENTIAL



Miss Lowth
Mr. Chamber
Mr. Wether

Jellicoe
Eospa
Presumably was
Auditor
has an
file
file

PRINCIPAL PRIVATE SECRETARY

- cc Financial Secretary
- Minister of State (L)
- Minister of State (C)
- Sir Douglas Wass
- Mr F E R Butler ✓
- Mr Littlewood (DNS)
- PS/Customs & Excise
- Mr Bryars (C&E)

- Sir Lawrence Airey I/R
- Mr J F Boyd I/R
- Mr Vernon I/R
- Mr Houghton I/R
- Mr Rogers I/R
- Mr Galey I/R
- PS/I/R

USE OF RETIRED MANAGEMENT PERSONNEL IN THE EVENT OF INDUSTRIAL ACTION

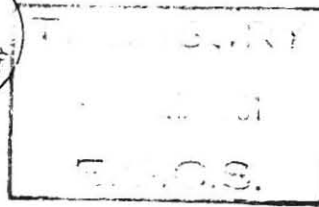
The Chief Secretary has seen Mr Vernon's minute of 30 January, and has commented that he does not find all Mr Vernon's arguments totally persuasive. The Chief Secretary does not know the details of the existing contingency plans - but unless they are reasonably effective, he is disinclined to believe that the use of retired personnel would be counter-productive.

TM

T F MATHEWS
2 February 1981

4/2/81

CONFIDENTIAL



Mr. ~~Govt~~
M. Walker

CHANCELLOR OF THE EXCHEQUER

cc Chief Secretary
Financial Secretary
Minister of State (L)
Sir D Wass
Mr F E R Butler
PS/Inland Revenue
PS/Customs
Mr Littlewood (DNS)

USE OF RETIRED MANAGEMENT PERSONNEL IN THE EVENT OF INDUSTRIAL ACTION

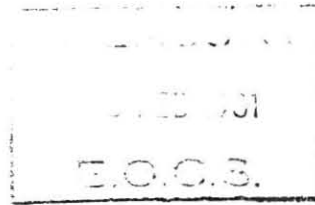
I have seen Mr Vernon's note of 30 January.

Without admittedly knowing much about the practicalities - do we have a record of the addresses, skills and availability of retired management personnel? - I must say that I find Mr Vernon's note rather defeatist. I cannot really believe that the discreet mobilisation of such personnel would be actually counter-productive. Nor am I overwhelmed by the suggestion that there would be 'long term damaging effects on industrial relations in the Civil Service'. We must, I think, be a little more robust and resolute.

A handwritten signature in cursive script, which appears to read 'Peter Rees', written over a horizontal line.

PETER REES
4 February, 1981

CONFIDENTIAL



Miss Grant
Mr. Walker

CHANCELLOR

cc Chief Secretary
Minister of State (C)
Minister of State (L)
Sir D Wass
~~Mr F E R Butler~~

PS/Inland Revenue
Mr Vernon - Inland Revenue

PS/Customs and Excise

Mr Littlewood - DNS

USE OF RETIRED MANAGEMENT PERSONNEL IN THE EVENT OF INDUSTRIAL ACTION

You asked in your Private Secretary's minute of 2 February for views on Mr Vernon's minute of 30 January, concluding that the use of retired management personnel in the event of industrial action would cause more problems than it solved. I have seen the Chief Secretary's comment as recorded in his Private Secretary's minute of 2 February.

I agree with Mr Vernon that retired personnel on their own would be useless. But it may be that they could help when - say - senior staff are still working, and only the junior staff are out.

NIGEL LAWSON
4 February 1981



Misc Court
Mr. Waller

CHANCELLOR OF THE EXCHEQUER

cc Chief Secretary
Financial Secretary
Minister of State (C)
Sir Douglas Wass
~~Mr F E R Butler~~
Mr Vernon (IR)
PS/Inland Revenue
PS/Customs and Excise
Mr Littlewood (DNS)

USE OF RETIRED MANAGEMENT PERSONNEL

It is because of the attitudes encapsulated in Mr Vernon's draft that the trade unions have acquired the excessive power to damage the community which they currently enjoy.

Any use of retired management personnel requires very careful planning. It may well be that the practical difficulties are such that we would get very little out of it. But I don't think we should throw in the sponge without giving the matter much further thought. Are we seriously prepared to stand by once more and watch half a dozen computer operators - or even caretakers who have appropriated the keys - bring the whole tax collection machinery to a standstill? The union of course relies on the fact that the rest of their members go on drawing their pay. Faced with the prospect of "spreading the strike" if management personnel were put in, they might well draw back. Incidentally do we have contingency plans to cope with this situation? If we do, the right answer is not all the labour relations psychology which appears in the present draft but a simple statement that we already have plans to cope.

AC.

LORD COCKFIELD

5 February 1981

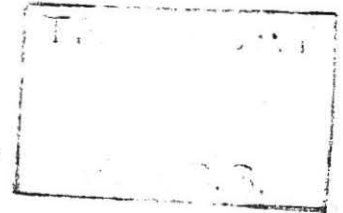
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Miss *Coast*
M. *Walker*
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cc: Chief Secretary
Financial Secretary
Minister of State C
Minister of State L
Sir D Wass
Mr F E R Butler ✓
Sir L Airey IR
Sir D Lovelock C&E
Mr Gilbert DNS

MR VERNON INLAND REVENUE



USE OF RETIRED MANAGEMENT PERSONNEL

You will have seen the various comments by Treasury Ministers on your minute of 30 January. The Chancellor would be grateful if you would revise the draft letter for him to send to the Lord President, in consultation with the Heads of his Departments. Although there may be in practice relatively little scope for the use of retired management personnel, he would wish to avoid too negative and defensive an approach to this issue.

JW

A.J. WIGGINS
13th February 1981

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CONFIDENTIAL



D B Vernon
Director of Personnel

TREASURY
19 FEB 1981
E.O.C.C.

Inland Revenue
Somerset House
London WC2R 1LB

Telephone: 01-438 6780

125/77

F E R Butler Esq
HM Treasury
WHITEHALL
LONDON SW1

*Miss Court
Mr. Chamberlain
This seems OK*

16 February 1981

Alan Rubin

*FRB.
16.2.*

T. Walker

USE OF RETIRED MANAGEMENT PERSONNEL

John Wiggins' note of 13 February seemed to offer an opening to cut all this short. I had a quick word with June Court, in your absence, and with Bob Mecham (Customs), in Don Bryar's absence, to say that this seemed the best course. I was not, unfortunately, able to contact anyone in DNS; but I did not feel that our response to the Chancellor should be delayed any longer.

... A copy of my note to John Wiggins is attached. Copies also go (with copies of this letter) to Jimmie Littlewood and to Don Brvars.

*Yus
David*

D B Vernon

PS Since dictating this I have had a quick word with Gilbert (DNS)

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CONFIDENTIAL

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INLAND REVENUE
MANAGEMENT DIVISION
SOMERSET HOUSE

PRINCIPAL PRIVATE SECRETARY (MR WIGGINS)

16 February 1981

USE OF RETIRED MANAGEMENT PERSONNEL

Your minute of 13 February.

We think there may be scope for considering the use of a small number of retired people as an alternative element in our contingency plans in the Inland Revenue. It will in our view be unsafe to rely on them to perform a crucial role, since for a variety of reasons - such as strong personal appeals by pickets they might not in the end be available. On this limited basis, we think we can identify the possible candidates and approach them discreetly.

...
= I attach a revised draft letter for the Lord President's Office.
=

D B Vernon

cc Chief Secretary
Financial Secretary
Minister of State (Lords)
Minister of State (Commons)
Sir Douglas Wass
Mr Littlewood (DNS)
~~Mr F E R Butler~~
PS/Customs & Excise
Mr Bryars (Customs & Excise)

Sir Lawrence Airey
Mr J F Boyd
Mr Vernon
Mr Houghton
Mr Rogers
Mr Newcombe
PS/Inland Revenue

CONFIDENTIAL

CONFIDENTIAL

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DRAFT LETTER FROM CHANCELLOR'S PRIVATE OFFICE TO LORD PRESIDENT'S PRIVATE OFFICE

The Chancellor has seen a copy of Stephen Boys Smith's letter of 26 January to Jim Buckley. The Chancellor agrees that there may be some scope for including the use of retired management personnel in the range of contingency plans for dealing with industrial action. The decision however will have to be related very carefully to the circumstances. Unless it is discreetly handled it could lead to some people who would otherwise have been prepared to work going on strike, to the detriment of other contingency plans. There may also be difficulty in getting retired managers with the particular skills needed; and it would be uncertain whether they would be willing to pass through hostile picket lines. Within these constraints, it may be possible to make limited use of retired managers in some places.

I am copying this letter on the same basis as Stephen Boys Smith's letter.

CONFIDENTIAL

STAFF IN CONFIDENCE

Mr. Charlton
ED(S.A)

- cc PS/Chancellor
- PS/MST(L)
- Sir Douglas Wass
- Mr Middleton
- Mr Monck
- Mr Ward
- Mr Butler ✓

- Mr Ingham
- Mr Rowland
- Mr Burton
- self

PS/FINANCIAL SECRETARY

INDUSTRIAL ACTION

1. An approach to our Finance Officer from a full time official of the Society of Civil and Public Servants suggests that the DNS HQ Transaction Accounting Branch at this office may be selected as a target for industrial action some time after 6 March.
2. This Branch employs 10 people, including the Chairman of the HQ Branch TU Side, who is in charge of it. It is the focal point for the transfer of cash on DNS business between the Post Office, the clearing banks, the Trustee Savings Banks, the National Loans Fund and the Bank of England. The cash flow is around £150m a week.
3. This may not be as dangerous as it sounds if, in conjunction with HF, we can find a way of operating notional credits between these bodies which would keep things afloat for the time being. But it is very early days to be hopeful about this.
4. This note is just an early warning. An expected phone call today from the union official did not materialise and there is no way of guessing how this will develop.
5. I will keep you in touch.

S W GILBERT
Department for National Savings
19 February 1981

STAFF IN CONFIDENCE



MR GILBERT - DNS

cc Principal Private Secretary
PS/Minister of State (L)
Sir D Wass
Mr Middleton
Mr Monck
~~Mr F E R Butler~~
Mr C Ward

Mr Ingham)
Mr Rowland) DNS
Mr Burton)

INDUSTRIAL ACTION

The Financial Secretary was grateful for your minute of 19 February indicating that the DNS HQ Transaction Accounting Branch may be selected as a target for industrial action some time after 6 March.

He very much hopes that you are doing everything you can by way of contingency planning, and would like to be kept informed about progress - with particular reference to the possible scheme/notional credits referred to in your paragraph 3.

SAL

S A J LOCKE
25 February 1981

STAFF IN CONFIDENCE

HR
1. Mr. Chamber
You may be interested
2. EBC

cc PS/Chancellor
PS/MST(L)
Sir Douglas Wass
Mr Middleton
Mr Monck
Mr Ward
Mr Butler
Mr Ingham
Mr Rowland
Mr Burton
self

PS/FINANCIAL SECRETARY

INDUSTRIAL ACTION

1. I minuted you on the 19 February about the possibility of union action against our HQ Transaction Accounting Branch.
2. Although there has been no further approach from the full-time official of the SCPS, the Chairman of the HQ Branch TU Side has indicated informally that the Branch will be an official target.
3. The business of planning to short circuit the Branch by operating notional credits is proceeding and looks as if it might work.
4. There is always the possibility of unofficial action elsewhere but so far there has been nothing to suggest it.

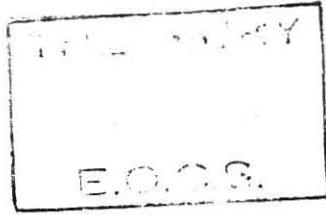
S.W.G.

S W GILBERT
Department for National Savings
25 February 1981

STAFF IN CONFIDENCE

CONFIDENTIAL

Mr. Chambers
E.O.C.S. - PA



cc PS/Chancellor of the Exchequer
PS/Minister of State(L)
Sir Douglas Wass
Mr Middleton
Mr Monck
Mr Ward
Mr F E R Butler ✓
Mr R Drane ✓
Mr Ingham
Mr Rowland
Mr Burton
self

PS/FINANCIAL SECRETARY

INDUSTRIAL ACTION: DNS

1. In response to your minute of 25 March, I can now say that the system of notional credits to short circuit the Transaction Accounting Branch will work and has been set up.
2. What this means is that we can shift the money in the right directions and in approximately the right amounts, leaving the detailed accounting and settling up to be done later. The practical effect is that the cash flows will scarcely be affected.
3. The arrangements have been agreed with the Post Office, the Treasury, the NILO, the Bank of England and the clearing banks.

S.W.G.

S W GILBERT
Department for National Savings
5 March 1981

CONFIDENTIAL

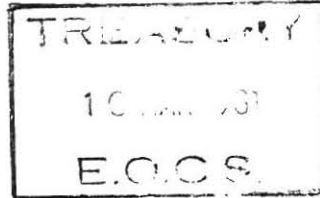
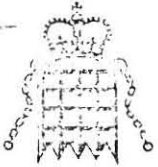
Mr. Chamberlain

EDCS - 1/1

4/1

Board Room
 HM Customs and Excise
 Kings Beam House
 Mark Lane London EC3R 7HE

5 March 1981



PRINCIPAL PRIVATE SECRETARY

cc PS/Chief Secretary
 PS/Financial Secretary
 PS/Minister of State (C)
 PS/Minister of State (L)
 Sir Douglas Wass
 Mr France
 Mr F E R Butler *FERB*
 PS/Inland Revenue
 Mrs Sloman - CSD

ONE DAY STRIKE ON 9 MARCH : EFFECTS IN CUSTOMS AND EXCISE

1. We expect the one day strike to have substantial support from clerical and executive staff. The main problems will arise at short haul ports where advance publicity by the unions may encourage drug smugglers to 'have a go'. The proposed national strike of air traffic controllers will remove the risk at airports.
2. We will do our best to maintain a preventive presence at ports throughout the day, although our resources will be severely stretched at those ports open 24 hours a day. Challenges and baggage examination will inevitably be on a much reduced scale. But we are arranging for a special watch to be kept for known or suspected drug smugglers.
3. Our Press Office will be issuing a statement on 6 March making it clear that passengers and crews will remain subject to control.

M J ELAND
 Private Secretary

Internal circulation:

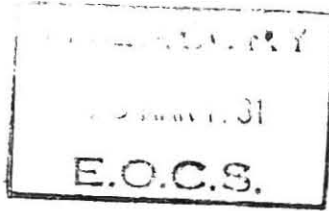
Mr Hawken
 Mr Phelps

Mr Bryars
 Mr Pitt

Mr Godfrey
 Mr Hardern

Mr Mechem
 Mr Dahn

Mr. Chamberlain
50



- cc PS/Chancellor of the Exchequer
- PS/Minister of State(L)
- Sir Douglas Wass
- Mr Middleton
- Mr Monck
- Mr Ward
- Mr F E R Butler /
- Mr Ingham
- Mr Rowland
- Mr Burton
- self

E.O.C.S. - PA

PS/FINANCIAL SECRETARY

MONDAY'S STRIKE: DNS

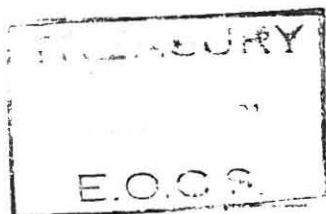
1. There is no real basis to estimate what proportion of the DNS staff will be on strike on Monday. We have given a figure of 60-70% to the CSD unit that collects information, since that fits the general impression of the Controllors. But it could of course be higher - it is anyone's guess.
2. Staff at Principal level and above will be on duty with no more than one or two exceptions.
3. DNS will therefore be operational for anything required of us on Monday in connection with the Budget.
4. The effect of the general overtime ban after Monday could prove awkward for the high level of savings certificate work at Durham, where voluntary overtime is currently being worked. Much will depend on the mood of individuals who might or might not be willing to go on doing it nevertheless.

S.W.G.

S W GILBERT
Department for National Savings
6 March 1981

51

Mr. Chaybore



EDCS-BA

MR GILBERT - DNS

cc Principal Private Secretary
 PS/Minister of State (L)
 Sir D Wass
 Mr Middleton
 Mr Monck
 Mr Ward
~~Mr~~ F E R Butler
 Mr Drane

Mr Ingham)
 Mr Rowland) DNS
 Mr Burton)

INDUSTRIAL ACTION: DNS

The Financial Secretary has seen your minute of 5 March.

He was pleased about the position that has now been reached in relation to the notional credit arrangements.

SAL

S A J LOCKE
9 March 1981

Mr. Chamberlain
52Board Room
1111 Customs and Excise
King's Beam House
Mark Lane London EC3A 7-1

ECS-9A

TREASURY

12 MAR 1981

E.C.S.

9 March 1981

PRINCIPAL PRIVATE SECRETARY

cc PS/CST
 PS/FST
 PS/MST(C)
 PS/MST(L)
 Sir Douglas Wass
 - Mr F E R Butler
 PS/Inland Revenue
 Mrs Sloman - CSD

ONE DAY STRIKE 9 MARCH - IMPACT IN CUSTOMS AND EXCISE

1. Information currently to hand indicates that overall about 60% of the Department's staff took part in today's strike. No staff at Senior Principal and above took strike action. Support was strong amongst the grades below SEO.
2. Since flights were generally disrupted by the participation of air traffic control staff in the strike the reduced Customs presence at airports had little effect. There was a much reduced Customs presence at the ports. Many of our local offices were closed.
3. Our computers at Southend were out of action.



M J ELAND

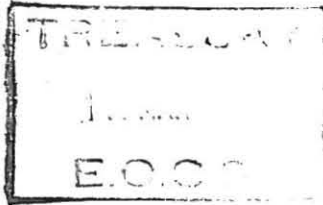
Private Secretary

Internal Circulation: Mr Phelps Mr Godfrey
 Mr Hawken Mr Hardern
 Mr Bryars Mr Mechem
 Mr Pitt Mr Dahn

Mr. Chayton

EDCS - 77

Chief Clerk
HM Customs and Excise
Fiscal Board
Mark Lane London EC3A 7LL



10 March 1981

MINISTER OF STATE (C)

cc Chancellor
CST
EST
HST(L)
Sir D Wass
Mr F E R Butler
PS/Inland Revenue
Mrs Sloman - CSD

INDUSTRIAL ACTION: SELECTIVE ACTION IN CUSTOMS AND EXCISE

1. The reports we have received this morning indicate that selective industrial action is being taken only at two locations - at our computer installations at Southend and at the Northern Ireland Land Boundary.
2. At our Southend HQ buildings 245 staff are on strike; these are mainly Data Processing grades. The absence of these staff is disrupting the computer processing of VAT returns and other information and is also inhibiting the preparation of trade statistics. The computer operators are not on strike. In accordance with our contingency plans senior management are processing the VAT cheques that are being received from the large payers.
3. 173 staff stationed on the Northern Ireland Land Boundary are on strike. A customs presence is being maintained by a handful of management staff who are on duty at four key locations. The security forces and the police are aware of the situation.

CONFIDENTIAL

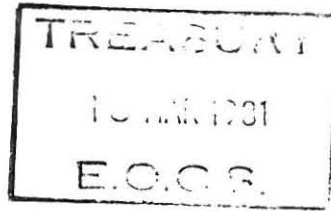
4. Advance information currently at hand indicates that Customs staff at Anglo-Irish ports (Fishguard, Holyhead, Liverpool and Fleetwood) are likely to participate in a strike for three days, Wednesday to Friday, this week.

L D HAWKEN

Internal Circulation: CFS
Mr Bryars
Mrs Strachan
Mr Pitt
Mr Halliwell
Mr Mechem

CONFIDENTIAL

Miss Gout
Mr. Chamberlain
E.O.C.S. PA



Chief Secretary
Financial Secretary
Minister of State (C)
Minister of State (L)
Sir Douglas Warr
Sir Anthony Rowlinson
Mr Ryrie
Mr Middleton
Mr Dixon
→ Mr F E R Butler
Mr Bridgeman
Mr Rayner

CIVIL SERVICE PAY DISPUTE

We understand that the Lord President intends to raise orally at Cabinet tomorrow the question of the current Civil Service pay dispute. CSD officials have no indication of what he is likely to say (they are meeting him at 6.00 pm this evening).

2. On the pay front, as you know, there are two issues.

- (1) The current offer of 7%; and
- (2) the future system of pay determination.

The unions say that both matters are crucial; and that the Government's position on both is unacceptable. It follows, of course, that the Government should not make offers on either until it is confident that doing so will settle the dispute.

3. There is little to be said about the 7% offer. It is possible that an increase to 7 $\frac{1}{2}$ % (coupled with a satisfactory understanding on the future pay system) might have some significance; and the Lord President might be asked to investigate the feasibility of such an offer within existing cash limits. But such an investigation should not be undertaken at this stage unless the Lord President is confident that news of it would not leak: otherwise, it would be taken as evidence of a weakening of the Government's resolve.

4. As for the future system, the official committee which is studying the matter (MISC 54) is well aware of the importance of making as rapid progress as

CONFIDENTIAL

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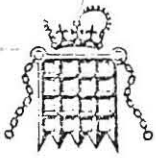
(a) ... possible ... to ... not in the event be ...

(b) There is likely to be a wide gap between what the Government and the unions would regard as acceptable. In particular, the unions will tend to put the main weight on comparability and having an automatic system; the Government will not. This need not mean that there is no prospect of negotiating satisfactory heads of agreement on a new system; but the negotiations will certainly need very careful handling.

5. In short, we would advise against any immediate action on the pay front. Events will have to take their course for a while so that, for example, Ministers can judge the strength of feeling among the staff and therefore the chances of success of the various possible actions that might be taken.

U.S.S.

M S BUCKLEY
11 March 1981



Mr Chamberlain
Board Room
HM Customs and Excise
King's Beam House
Mark Lane London EC3R 7HE

12 March 1981

MINISTER OF STATE (C)

cc Chancellor
CST
FST
MST(L)
Sir D Wass
Mr F E R Butler
Mr Boyd - Inland Revenue
Mrs Sloman - CSD

CUSTOMS AND EXCISE: INDUSTRIAL ACTION: LIVERPOOL

1. As part of their campaign to disrupt the flow of traffic between the United Kingdom and the Republic of Ireland, the trade unions co-ordinating selective industrial action called out on strike two customs officers (clerical officer level) who were at the start of the procedure for processing import entries. As a consequence, four clerical assistants whose normal job is to complete the second stage of the procedure (numbering and timing the customs entries) refused to carry out their part of the process notwithstanding management directions to the contrary. With your approval (see Mr Warden's minute to the PPS) the four staff concerned were given written directions yesterday afternoon to do their normal job with the warning that if they did not agree to do so by 2 pm today they would be suspended without pay.

2. In accordance with the CSD procedure we informed a senior official of the union concerned (CPSA) of our proposed action. After reflection, the response was an offer that all staff would carry out their normal duties provided we acquiesced in the 'blacking' of Irish traffic. This we refused to do.

57

3. The Unions have chosen to make this an issue of principle and at a meeting in Liverpool this lunchtime (attended by civil servants from most local Departments) have instructed all remaining Customs and Excise staff to walk out for the rest of the day and have threatened further unspecified action tomorrow by Customs and other Departments unless the threat of suspension notices were lifted by 6 pm today. No formal approach has been made to us by the TUS to this end but if they were to do so we shall refuse because it would be unconscionable to allow staff to refuse to perform their normal duties while being paid.

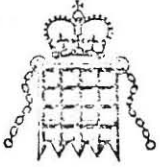
4. Our intention was that, if the four under the threat of suspension were in fact suspended or taken out on strike by their union, to direct staff of the same grade, in the same office, to do the work. If they too continued to refuse, we intended warning them that suspension would follow. The union concerned has been advised of our intention.

5. I shall continue to keep you and the CSD informed of developments.


L D HAWKEN

Internal Circulation:

CPS
Mr Bryars
Mr Godfrey
Mr Pitt
Mr Mechem
Mr Dahn



M. Chamber 59

FOCS - FA

Board Room
HM Customs and Excise
Kings Beam House
Mark Lane London EC3R 7HE

12 March 1981

MINISTER OF STATE (C)

cc Chancellor
CST
FST
MST(L)
Sir D Wass
Mr F E R Butler
Mr Boyd - Inland Revenue
Mrs Sloman - CSD

CUSTOMS AND EXCISE: INDUSTRIAL ACTION

Anglo-Irish Traffic


1. The Trade Union Side are claiming that traffic to and from the Republic of Ireland has virtually ceased.
2. The position is that a large proportion of Customs staff at ports handling Irish traffic have followed their Union's instructions to take selective strike action (initially for three days). But at all these ports there is a Customs presence which is sufficient to ensure the continued movement of goods, if necessary, by relaxing normal customs controls and procedures. However, many importers and exporters are not seeking to have non-perishable cargoes cleared at this stage of the selective action. No doubt they are anxious about 'blacking' action by non-Civil Service Unions either now or subsequently.
3. The trade's stance will no doubt change if the selective action by Civil Service Unions continues beyond the weekend. There is already some evidence that traffic across the Irish Land Boundary in both directions has begun to flow again. Customs and Excise management at UK ports are ready to clear import traffic from the Republic.

4. Exporters may experience some difficulties in clearing goods into the Irish Republic if our remaining staff are unable to complete the normal Community Transit documentation.

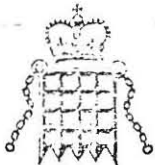
Heathrow and Scottish Airports

5. The TUS have announced a work to rule by Customs and Excise staff in the passenger terminals at Heathrow and Scottish airports for three days starting at noon on Friday, 13 March. In addition some Customs officers will be called out on strike and we understand that similar action may be taken by some immigration personnel. The main 'target' will be passengers arriving on inter-continental jumbo jets.

6. Based on previous experience of similar action at Heathrow, plans have been made for management to take action as necessary to minimise any delays and inconvenience to passengers. As a last resort, the duty-free allowances for those passengers likely to be affected will be increased to the higher levels allowed for EEC passengers.


L D HAWKEN

Internal Circulation: CPS
Mr Bryars
Mr Godfrey
Mr Pitt
Mr Mechem
Mr Dahn



Board Room
 H M Customs and Excise
 King's Beam House
 Mark Lane London EC3R 7HE

16 March 1981

MINISTER OF STATE (C)



cc

Chancellor
 CST
 FST
 MST(L)

Sir D Wass

→ Mr F E R Butler

Mr Boyd - Inland Revenue

Mrs Sloman - CSD

SELECTIVE INDUSTRIAL ACTION IN CUSTOMS AND EXCISE:
 UNION TACTICS

1. As background for your meeting on 17 March with Sir Douglas Lovelock and me, it may be helpful if I set out the tactics adopted by the unions in the first week of selective action in Customs and Excise and indicate possible management responses.
2. Disruption of Freight As expected, the unions selected a particular area for attempted disruption of freight traffic, in this case with the Irish Republic. Their method was to call out on strike all staff dealing with both imports and exports. The planned management response was to relax normal controls and procedures to the level which enabled local management, assisted by staff who ignored the strike call to cope. Some problems arose (picketing and refusal of staff not on strike to work normally); these are discussed below. But in general the planned management response worked well in terms of countering industrial action (although there are obvious risks to control) and we shall repeat them elsewhere if, as seems likely, the unions adopt the same tactic elsewhere - for example at the Channel or east coast ports.
3. Picketing Pickets were mounted outside customs posts on the Irish Land Boundary and at the entrances/exits to affected ports. Picketing was peaceful but initially it had the effect on the Land Boundary of deterring drivers from crossing picket

lines to present import/export documents for clearance. As the strike continued an increasing number of firms arranged for office staff to accompany drivers and to present the documents for clearance. There is little we can do if members of other unions obey instructions not to cross picket lines. Another effect of strike action by customs staff was the action taken by some shippers and agents to delay the movement of freight in the hope that the strike would not be long lasting. For example, at Holyhead the sole agents, British Rail, did not present any documents for clearance notwithstanding the fact that local customs management had made it known that we would clear the associated freight. British Rail apparently preferred to allow consignments to be held by them on the quayside rather than risk "provoking" non-Civil Service unions to "black" them.

4. Blacking The unions may instruct staff not to carry out their normal duties or to continue or to complete action initiated by management or by staff not responding to strike action. This action may take the form of "blacking" documents on which management have already taken some action to clear freight when staff normally dealing with it are on strike, or of "blacking" normal fallback procedures introduced by management to circumvent the effect of strike action elsewhere, notably at the Southend computer centre. For example, the action at Liverpool which led to the threat of suspension of clerical assistants was based on the calling out on strike of two staff who dealt with the first stage of the "production line" processing of import entries and the subsequent refusal of the staff dealing with the second stage of the processing doing their normal jobs on the documents which had not passed through the first stage (which management had decided to by-pass).

5. Staff with no work to do The Liverpool incident is also an example of another tactic - calling out staff in key areas on strike so as to leave staff elsewhere with no work to do. In

the case of the Liverpool incident it was possible to direct staff of the same grades to do the work of the strikers, and if they refused, to suspend them, thus increasing the cost of the action to the unions. But this may not always be possible. For example, the strike of data processors at our Southend computer centre will soon result in there being no work for the computer operators to do. Under the existing law, we cannot send home, without pay, staff who have no work to do as a result of the strike action taken by their colleagues. Circumstances may however arise at Southend which result in the computer operators "blacking" work done by the few non-striking data processors. If so it would be open to us to suspend them without pay if they persisted in their refusal to take the work.

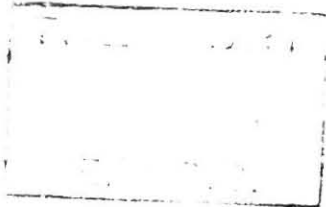
*Herb...
for L D HAWKEN*

Internal circulation:

CPS
Mr Bryars
Mr Godfrey
Mr Pitt
Mr Mechem
Mr Dahn
Mrs Strachan
Mr Halliwell

EDCS - PA Mr. Chamber

CONFIDENTIAL



- cc Principal Private Secretary
- PS/Minister of State (L)
- Sir Douglas Wass
- Mr Middleton
- Mr Monck
- Mr Ward
- Mr F E R Butler ✓
- Mr Drane
- Mr Ingham
- Mr Rowland
- Mr Burton
- self

PS/FINANCIAL SECRETARY

INDUSTRIAL ACTION IN DNS

1. There is a partial walk out this afternoon by 5-600 of the 3700 staff of the Premium Bond Office at Lytham St Annes. This of course is in sympathy with the 29 clerical staff of Customs and Excise who are under threat of suspension.
2. There is so far no further threat of action in the Transaction Accounting Branch of DNS HQ.

SWG.

S W GILBERT
Department for National Savings
27 March 1981

CONFIDENTIAL

Mr. Gower
Mr. Chamberlain

Deans Room
HM Customs and Excise
King's Beam House
Mark Lane London EC3R 7HS

EDCS - A

30 March 1954

MINISTER OF STATE (COMMONS)

cc Chancellor of the Exchequer
Chief Secretary
Financial Secretary
Minister of State (Lords)
Sir Douglas Pass
~~Mr F E R Butler~~
Mr Boyd - Inland Revenue
Mrs Sloman - CSD

INDUSTRIAL ACTION

1. Following my minutes of 25 March to you and to the Chancellor authority was given for the use of Temporary Relief from Duty (TRD) procedures in a number of areas. The position this afternoon is set out below.

2. Handling of Customs deferred duty receipts

In the event staff in five Collections refused to handle receipts of this duty and in consequence TRD procedures were initiated on Thursday last with the issue of 19 Warning Notices. During the morning of last Friday all of the staff involved indicated that they would resume normal working and handle these receipts. It was not necessary therefore ^{to} relieve any of these staff from duty.

3. Issue of Customs deferred duty pay notices

There were two Collections involved here - East Anglia and Manchester. TRD procedures were again initiated last Thursday, but the five staff concerned at East Anglia have decided to work normally. At Manchester however the single person involved went

Internal circulation:

CPS	Mrs Strachan
Mr Bryars	Mr Halliwell
Mr Pitt	Mr Mechem
Mr Godfrey	

on strike during the course of Friday morning and was joined by the rest of the accounts section there (9 staff in total) on indefinite strike. Developments flowing from this union action are discussed in paragraphs 5 to 7 below.

4. Computer Operators - HQ Southend .

The initiation of the TRD procedures on Thursday resulted in the staff concerned going on strike on Friday. Further TRD warning notices are being issued to other shifts as and when they come on duty and refuse to do certain parts of their normal work. We expect these staff also then to go on strike before the time comes for them to be 'suspended'. At the time of writing 14 out of the 32 computer operators are on strike. Their absence means that the Customs CPT Computer is unavailable so the processing of import entry documents at the ports is being performed under the standard manual fallback arrangements.

Manchester

5. As mentioned in paragraph 3 above that the unions have chosen to take the Collector's accounts section out on strike indefinitely. Management there will have to intervene as necessary to ensure that the larger remittances are dealt with, but it is at the Betting Duty Control Unit (BDCU) (which is located at, the Manchester Collector's Office where particular difficulties will arise). This Unit handles weekly returns and payments from all of the smaller bookmakers - 6,000 in number - in England and Wales - £1m of revenue each week.

6. This morning the Manchester Custom House was picketed - (and the unions say it will be picketed every day) and as a result the Post Office did not deliver the mail. Management accordingly collected the mail from the Post Office. The post opening staff - 19 in the BDCU and 12 in the Collector's Office - are now refusing to handle the mail brought in by management.

7. If these staff continue to refuse to do their normal work

and to black the mail then staff in the BDCU will have almost no work to do. Your urgent authority is therefore sought to initiate TRD procedures if the staff concerned continue their refusal to undertake the full range of their normal duties.



LD L D HAWKEN



From the Private Secretary

Civil Service Department

Whitchall London SW1A 2AZ

Tim Lankester

Private Secretary to the Prime Minister
10 Downing Street
LONDON SW1

CH/EXCH/FOUR	
REC	- 9 APR 1981
COPIES TO	Mr BUCKLEY
	CSD
	PST
	MSTC
	MSTC
	SIR D. WASS
	SIR A. RAWLINS
	MR RYAN
	MR MIDDLETON
	MR DIXON
	MR F.E.R. BURTON

9 April 1981

MR BRIDGEMAN
MR PRAYNER
PS/R
PS/CtE
MR RIDLEY

Dear Tim,

CIVIL SERVICE INDUSTRIAL ACTION

Thank you for your letter of 8 April (copied only to the Treasury and Cabinet Office) about the revised arrangements which the Prime Minister has decided should be introduced for co-ordinating the Government's response to the present industrial action.

2. The group is to be under the chairmanship of our Minister of State, Mr Barney Hayhoe and will replace the existing Official Group. The Lord President proposes that membership should consist on a regular basis of representatives at Deputy Secretary level of departments mainly involved. At present those are CSD (which will also provide the secretariat), the Treasury, Inland Revenue, Customs & Excise, Ministry of Defence, Department of Employment, Department of Health and Social Security, the Scottish Office and the Department of Trade and Industry. It should also contain the Home Office, as the Prime Minister has suggested. We think the legal aspects should be covered, as at present, by representation from the Treasury Solicitor who, of course, consults the Law Officers' Department as necessary. You will no doubt let us know who should be invited from No.10.

3. It would be useful to have someone to cover the publicity aspect. In the existing committee this is done by the CSD's Principal Information Officer. This arrangement could continue unless the Prime Minister prefers to nominate Mr Ingham or one of his staff.

4. The Group proposes to hold its first meeting at 1100 tomorrow, Friday and we are sending out invitations by telephone this afternoon. Although we propose the regular membership should be as set out above it will be essential for other departments to attend should they become seriously involved with industrial action. I am accordingly copying this letter to the Private Secretaries of all Ministers in charge of departments, as well as to David Wright at the Cabinet Office.

Yours sincerely,
Jim Buckley

J BUCKLEY

26/7/81

69
Mr. Chaykin
LSDCS-PA

RESTRICTED



10 DOWNING STREET

EXCHEQUER	
REC.	10 APR 1981
AGENCY	Mr Buckley
COMES	CST
	AS

From the Private Secretary.

10 April 1981

Mr *Jim*
 P/S to Mr Dixon
 as/Chk w F. R. White
 w. Wright w. R. G. ...
 Mrs. G. ... P. ...
 Sir D. ...
 Sir A. ...
 Mr ...
 Mr ...

Civil Service Industrial Action

The Prime Minister has seen your letter of 9 April, and is quite content with the proposed arrangements for the group under the chairmanship of Mr. Hayhoe. She would like the publicity aspect to be covered by the CSD's Principal Information Officer, though our own Press Office will be kept in touch by the No.10 representative on the group.

I am sending a copy of this letter to Private Secretaries to all Ministers in charge of departments and to David Wright (Cabinet Office).

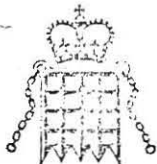
~~~~~

Jim Buckley

Jim Buckley, Esq.,
Civil Service Department.

RESTRICTED

M. Chamberlain 70



Board Room
 HM Customs and Excise
 King's Beam House
 Mark Lane London EC3R 7HE

15 April 1981

MINISTER OF STATE (Commons)

cc Chancellor
 Chief Secretary
 Financial Secretary
 Minister of State (Lord
 Sir D Wass
 - Mr F E R Butler
 Mr Boyd - Inland Revenue
 Mrs Sloman - CSD

INDUSTRIAL ACTION IN CUSTOMS: VAT RETURNS

1. I have minuted you today to seek your authority to start temporary relief from duty (TRD) procedures in certain circumstances without the need to clear each particular case with you. However, we are likely to have a potential TRD situation of a different order of magnitude from those covered by my requested blanket authority in that it could be portrayed by the unions as escalation.

2. We shall soon wish to issue the VAT returns for the month of April. These are due back with remittances at about the end of May. The two VAT computers at Southend are still manned by the operators, but the data processors are on strike. The absence of data processors means that certain technical changes in procedures will have to be made before the computers can produce the addressed VAT returns. The computer operators may refuse to accept the new procedures, although the work that they will be asked to do falls clearly within their normal jobs. If they so refuse, we should wish to start TRD procedures. They are likely to be called out on strike.

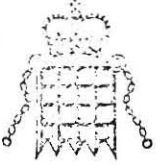
CONFIDENTIAL

3. If the computer operators went on strike (or were suspended) we should not be able to issue the VAT returns. But we should be in no worse position than we are now. On the contrary, our action would have resulted in stopping having to pay the salaries of staff who have relatively little work to do (the computers are operating at 20% of capacity) as the result of strike of data processors. But this factor, together with the numbers involved (74), might excite the unions to claim that we have deliberately escalated the management response.

4. We consider that we must take every reasonable step to secure the revenue and the issue of VAT returns is the first stage of this process. We therefore propose to give directions for the April returns to be prepared for issue. If the computer operators refuse to comply we shall have to start TRD procedures against them if we are not to undermine management's authority. I seek your prior authority to start down the road which may lead to TRD.

I D
I. D HAWKEN

Internal Circulation: CPS
Mr Bryars.
Mrs Strachan
Mr Mechem



Board Room
 HM Customs and Excise
 King's Beam House
 Mark Lane London EC3R 7HE

EDCS PA

15 April 1981

MINISTER OF STATE (Commons)

cc Chancellor
 Chief Secretary
 Financial Secretary
 Minister of State (L)
 Sir D Wass
 - Mr F E R Butler
 Mr Boyd - Inland Revenue
 Mrs Sloman - CSD

TEMPORARY RELIEF FROM DUTY: STAFF REFUSING TO WORK NORMALLY

1. The purpose of this submission is to seek your authority to start temporary relief from duty (TRD) procedures in certain types of cases without having to obtain your specific authority in each particular case.
2. As you are aware, we have dealt with a number of cases where staff refused to do their normal duties. At Liverpool clerical staff in the Entry Processing Unit (EPU) refused to number entries. In various Collections staff refused to do work relating to the collection of the customs deferred duty amounts due for the month of February. Then at our HQ Southend offices computer operators refused to carry out all of their duties (they were not prepared to undertake certain accounting tasks). Finally at Manchester staff refused to deal with post that had been brought in by management across a picket line.
3. In each of these instances you authorised the use of the TRD procedures and as a result they were invoked against 96 staff. None has, however, actually been relieved from duty -

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47 having gone on strike, and 49 having resumed normal working. Our conclusion from this is that the unions are keen to avoid using their strike funds to support action where little revenue or publicity is at stake. For example at Manchester we issued about 30 TRD Warning Notices - some in the Betting Duty Control Unit (BDCU) and some in the Collector's Office. The Collector's staff resumed normal working but the unions took all of the BDCU staff out on strike - about 30 staff when only 19 there were the subject of the TRD procedures. The BDCU was one of the union's targets in 1979 and doubtless they felt that a strike there had publicity value although the revenue impact is small - about £1 million a week is at stake.

4. A number of other examples are coming to our attention where staff are refusing to work normally and we have reason to believe that more are likely to arise shortly -

a. Blacking

We have had only isolated instances so far of documents or goods being 'blacked', mostly following management intervention to keep things moving when staff have gone on strike. Such blacking has been at the initiative of the officer concerned or at the discretion of local union branch officials. An approach to central union officials has resulted in the lifting of the blacking. But as a result of the week-long selective strikes at a number of ports and airports, we have a large number of documents which we shall have at some time to feed back into the system for full processing (extraction of accounting data, statistical information, some checking etc). We shall resume processing these documents as soon as backlogs of other work caused by the strikes have been cleared. We wish to be in a

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position to respond promptly should the staff 'black' these documents. This is a distinct possibility and we have reason to believe that in some instances central union officials will support local initiatives.

b. Work to rule

The unions claim that by instructing their members to "work to rule" they can delay the movement of passengers and accompanied vehicles. Our standing instructions clearly state that our controls on incoming passengers (there are no controls on outgoing passengers) are not to be applied in such a way as to delay passengers unduly. In practice, our staff have so far paid only lip service to the unions' instructions. This is noticeably evident at Heathrow and Dover. But this situation may not last, particularly if the Home Office carry through their intention to instruct immigration officers to let both incoming and outgoing travellers through immigration control points without examining their passports. (It is the selective strikes of immigration officials that have caused such delays at ports and airports that have occurred.) Pressure may be put by unions on customs officers to delay incoming passengers. We have plans to deal with such a situation; if necessary, as a last resort, we shall allow passengers to make declarations in writing and leave them in "honesty boxes". But it may be necessary for local management to direct staff to carry out their normal duties (for example, to man the red channel with sufficient staff to avoid undue delay if queues form). If they refuse, we must be

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ready to start TRD procedures as quickly as possible.

c. Selective strikes at EPUs

The unions appear to have learnt from the Liverpool episode in that they are currently taking either all of the staff in the EPU out on strike or taking out all of the EPU's clerical staff. In the latter circumstances we have to bring in our streamlined entry processing system under which the executive staff are asked to undertake their normal entry scrutinising duties. If the executive staff refuse to do this it is necessary, in order to keep traffic moving, to allow importers to take their goods without there being any proper customs checks on documents. This is clearly an unsatisfactory situation and we must direct the officers concerned to do their normal job in the knowledge that we shall start TRD procedures if they continue to disobey management instructions.

d. Customs deferred duties

As mentioned above, we had to invoke the TRD procedures in a number of our Collections in order to secure the customs deferred duties for the month of February. This was relatively straightforward since the computerised accounts had been available all month so the liability of each trader was known. The position is more complex as regards the duties accruing in March, payment of which is now due; the total amount involved should be of the order of £50 million. It will be necessary for manual accounting work to be done to ascertain how much each trader owes. It will then be necessary, as last month, for the Collections to issue

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pay notices and handle remittances when traders respond. It would not surprise us if some staff again refuse to undertake this work; it is work which technically they do not normally do, but nevertheless it is work which is proper to their grades and which is set out in the standing instructions as a fallback accounting system for use when the normal computerised system is unavailable for whatever reason.

5. I seek your authority to invoke the TRD procedures in all the circumstances described above as and when the need arises, each case to rest on my personal decision. The numbers which may be involved are difficult to estimate but are likely to be small as I shall continue to seek to persuade the central union officials to instruct their members to obey management directions. I shall of course keep you informed of developments.

L D Hawken
L D HAWKEN

Internal Circulation: CPS
Mr Godfrey
Mr Bryars
Mr Pitt
Mr Mechem

Misc Cont
Mr. Chamber
EDC-S-PA



MR HAWKEN (CUSTOMS)

TEMPORARY RELIEF FROM DUTY: ~~TRD~~
APPEAL REFUSING TO WORK NORMALLY

cc Chancellor
Chief Secretary
Financial Secretary
Minister of State (C)
Sir D Vase
Mr F E R Boyler
Mr Boyd (CR)
PS/Customs

This is to record that, at the meeting on 16 April at which your two notes of 15 April were discussed, the Minister of State (C) gave his authority to start TRD procedures in the types of cases you described without having to obtain his specific sanction in each particular case.

MISS T A M POLLOCK
Private Secretary
23 April 1981



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Miss Court
Mr. Chaybax
E.O.C. PA

PRINCIPAL PRIVATE SECRETARY

cc Financial Secretary
Minister of State (C)
Minister of State (L)
Sir Douglas Wass
Sir Anthony Rawlinson
Mr Ryrie
Mr Littler
Mr Middleton
Mr Dixon o.r.
~~Mr F E R Butler~~
Mr Buckley
Mrs Gilmore
Mr Rayner o.r.
Mr Ridley

MEETING WITH CIVIL SERVICE UNIONS

The Chief Secretary has seen Mr Buckley's minute of 23 April, and has commented that the Lord President has no right to offer arbitration without the express agreement of the Chancellor. In the Chief Secretary's view the spirit of this commitment would be broken if the Lord President got into a position where the unions were led to believe that arbitration was available, even if no express offer had been made.

Gordon (Miss)

T F MATHEWS

24 April 1981



Miss Lowry
Mr. Chamberlain
Mr. Walker

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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

MANAGEMENT IN CONFIDENCE

The Rt Hon Lord Soames CGMG GCVO CH CBE
Lord President of the Council
Civil Service Department
Whitehall
LONDON
SW1

EXCHEQUER	
REC	-7 MAY 1981
ACTION	EST EST
COPIES TO	MSTC MSTL SIR D. WASS SIR A. RAWLINS
7 May 1981	MR RYAN MR MIDDLETON MR DIXON MR RUCKLEY

MR FERBYLEN
MR BRIDGEMAN
MR P. RAYMON
Pslm
BICHE
MR RIGLEY

Sean Chustler

CIVIL SERVICE INDUSTRIAL ACTION: DVLC, SWANSEA

My officials have been keeping yours informed of the developing situation at Swansea. In the last few days the Civil Service Unions have begun to interfere with the operation of my large computer-based organisation there which deals with the licensing of drivers and vehicles. They have obviously tried to apply their tactic of calling out very few people whose absence then stops the flow of work to a very much larger number who, because they have not refused to work, cannot be sent home without pay.

The local director is to meet the unions tomorrow to see if they are prepared to change course. I intend to take strong counter-action if the meeting does not produce results. I am considering how far the action taken by my staff opens them to suspension. The circumstances were that initially CCSU removed 12 non-industrials on the staff of the PSA whose job is to maintain the air-conditioning plant which is essential for the working of the computers. To counter this the PSA - after several frustrated attempts - succeeded in bringing in six cylinders of nitrogen which is essential for pressurising the air-conditioning system. It was driven past the pickets at the gate by three senior

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MANAGEMENT IN CONFIDENCE

PSA staff. But before it reached the plant about 100 of my DVLC staff formed a picket inside the premises, effectively round the vehicle containing the cylinders, so that it could not be put to use. I understand that the time spent by the DVLC staff in forming this picket or cordon was found by recording it as private time outside the flexi-time hours of official duty. The police were called in but were unable to take effective action.

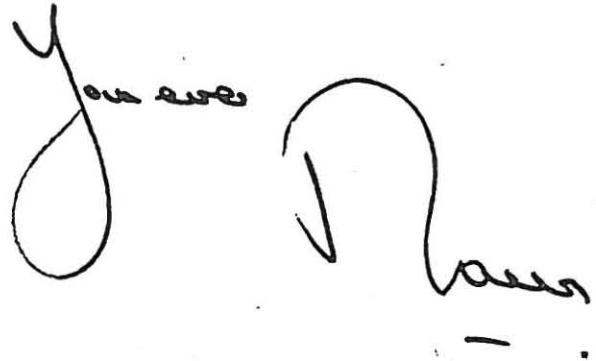
I regard the action of the DVLC staff, however, as something quite different from forming a picket outside the gate and as action amounting to obstruction of the performance of Government business. As such, it seems to me to fall into a different category of industrial action, and to entitle me to suspend those who have taken part in it without pay during whatever indefinite period work on the premises continues to be obstructed.

I am taking advice on this matter in order to decide what action to take.

But over and above these immediate problems I think we are all finding we are handicapped by the legal position enjoyed by non-industrial staff. The Civil Service Unions are clearly following a course which has been slowly - and perhaps now not so slowly - escalating at low cost to themselves. Are you envisaging making a move at some stage to warn them that their privileged position before the law lasts only so long as the Government refrains from introducing legislation to remove that privilege? I feel that I need guidance on this point in order to deal with the escalation which is clearly being attempted among my staff at Swansea.

MANAGEMENT IN CONFIDENCE

I am sending copies of this letter to the Prime Minister and Cabinet colleagues and I should be content for it to be shown also to the Law Officers if you feel that that would be necessary.

A handwritten signature in black ink, appearing to read 'Norman Fowler'. The signature is written in a cursive style with a large initial 'N' and 'F'.

NORMAN=FOWLER

SECRET

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Misc Court
Mr. Chamberlain
Mr. Waller

CH/EXCHEQUER	
REC.	- 8 MAY 1981
ACTION	MR BUCKLEY
COPIES TO	CST
	FST
	SIR D WILSON
	SIR A RAWLINSON
	MR LEYLAND
MR MIDDLETON	
MR DIXON	
MR PER BULL	

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PRIME MINISTER

CIVIL SERVICE DISPUTE

MR P. RAYMER
MR RIDLEY
PSIR
PSIC+E
PSIDNS

Christopher Soames copied to me his minute to you of 1 May and I have now seen your Private Secretary's reply of 6 May.

We agreed that the unions should be told that arbitration for 1982 was not ruled out and this has been done. We have still finally to decide whether to go further and assure the unions that the arbitration agreement will again operate in 1982, subject to a qualification that an award might need to be modified with the agreement of the House. That decision cannot, I am sure, be taken until Christopher Soames is ready to report to Cabinet after the union conferences with his assessment of the prospects. If it is then clear that any early end to damaging industrial action, which might then be escalating, cannot be in prospect, we will have to consider again the possibility of arbitration in 1982.

I have also seen Christopher Soames second minute to you of 1 May about the terms of reference and possible composition of a long term inquiry. I am content with the terms of reference proposed and agree that they should not extend to structure and organisation as well as pay. The task would be immense.

As for names, I would favour either Alistair Pilkington or David Steel for Chairman. For the rest, Michael Bett is just settling into his new job at British Telecom which will command his time and energies and I doubt whether Richard Cave, Peter Laister or Lord Shepherd should, for different reasons, be members. I very much hope that Bob Ramsey (who has just retired from Ford) could serve. Of the three unionists I believe that Roy Grantham would be the best choice.

I am copying this minute to the Chancellor, the Lord President and Sir Robert Armstrong.

SECRET

J P
7 May 1981

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