



Prime Minister 4
Mr Fowler has managed to introduce new technology into the Newcastle central social security office, despite union opposition. This will help the problems of recovery from the civil service dispute.

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MANAGEMENT - IN CONFIDENCE

The Rt Hon Baroness Young
Chancellor of the Duchy of Lancaster
Civil Service Department
Whitehall
London SW1

October 1981

John Zaneck

Please S.M. on this determined subject. mt.

INTRODUCTION OF NEW TECHNOLOGY AT NEWCASTLE CENTRAL OFFICE

I understand that you have been kept informed by your officials of the course of some important negotiations over the last few weeks at my Central Office at Newcastle over the introduction of some new equipment to assist the programme of recovery from the recent industrial dispute on civil service pay. I was on the point of writing to you and colleagues affected to say that, in the face of the Unions' refusal to co-operate with the introduction of this new equipment because of the lack of a national agreement on new technology, I was proposing to issue formal instructions to the staff concerned, and relieve them from duty and send them home without pay if they refused to comply. In that event, the Unions had threatened to take industrial action at the Newcastle Central Office.

I am glad to say, however, that I can now write a very different letter, to tell you and colleagues that, faced with our clearly expressed determination to take administrative action, the Unions have abandoned their opposition and agreed to co-operate; and that the new machinery is already being used to speed the recovery process.

The issue is very simple. The social security side of my Department is heavily engaged at the moment in clearing the large backlog of work caused by the recent dispute over civil service pay. One of the major tasks is to clear the immense backlog of work of getting some 35 million contribution items on to the computer records for every contributor in the country, which are held at Newcastle Central Office by a computer installation comprising three ICL 1906A computers and associated peripheral equipment, including 18 line printers and some card reading machines. The normal annual process of recording these contributions has been seriously delayed this year, because the contributions computers were closed down for the whole of the 21-week industrial action. It cannot possibly be completed by the normal date of the end of the year, which means that the public and our staff in local offices are having to cope under special modified procedures, which are very rough and ready.

The existing computers, line printers and card readers are now obsolete and were due to have been replaced by new equipment last April. The replacement also was delayed by the civil service pay dispute, and cannot now take place in full before the end of November. On this basis it will be May or June 1982 before the backlog of existing contribution items is cleared, a date so late that it will overlap into the cycle for next year and cause delays to that also.

A solution lies ready to hand, in the new equipment, which has been tested and is ready for action. The laser printers and new card readers can be used in conjunction with the existing computers, and a suitable programme for this has been written and tested. Using this new equipment, the recovery programme can be shortened and completed in good time before the next annual cycle is due to start.

The Unions have been content to accept the delivery and testing of the new equipment, but have not yet agreed to its introduction. They are taking a stand on their national policy, re-affirmed at their recent Annual Conference, of absolute opposition to the introduction of any new technology until a satisfactory national agreement on this has been negotiated. I understand that these national negotiations have been going on for some two years now, and that there is no prospect of an early agreement, because the Unions want such things as a 35-hour week and a sharing of any savings, with a guarantee of no redundancies, none of which we are prepared to concede. Departments have meanwhile been enjoined to make what progress they can in introducing new technology, despite the Union opposition, and my Department has successfully introduced a number of items, including the Datalink between the Newcastle Central Office and local offices, which the Prime Minister commended last year.

Negotiations over the past fortnight with the Unions at Newcastle had failed to reach any agreement for the immediate introduction of the new equipment. I was not prepared to accept what amounted to a Union veto which would have delayed recovery action from their own pay dispute. I therefore proposed to instruct the staff to operate the new equipment and use the TRD procedures if they declined to do so.

The Unions at Newcastle initially reacted by threatening to black indefinitely the new equipment and to immobilise the whole of the contributions computer again, as they did in the recent pay dispute, by pulling out some 150 key people. In further negotiations, however, my senior management spelled out to them very clearly our determination to proceed with administrative action despite these threats. There were obvious risks in that course, but I considered that to give way to the Unions at this stage over this issue would simply be to encourage future opposition to the introduction of any new technology and would leave us open to criticism that we had not taken a measure open to us to speed up the recovery programme and minimise the disruption to the public from the civil service pay dispute.

I am happy to say that at the last minute the Unions withdrew their opposition and agreed:

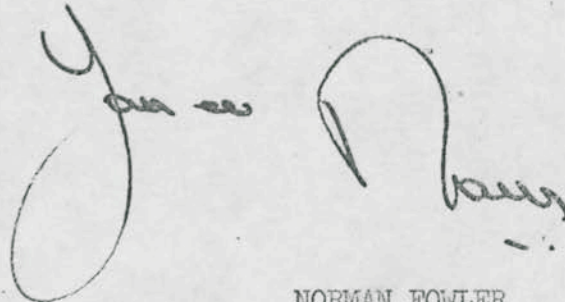
- (a) to the use of new card readers immediately to speed the recovery process, which they had previously declined to see used;
- (b) co-operation with the introduction of the rest of the new equipment (computers and laser printers) in a few weeks' time,

which they had previously withheld;

- (c) co-operation with the introduction of a new computerised index in November, previously withheld.

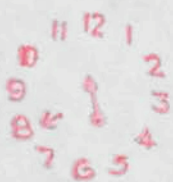
We have also been careful not to give the Unions any commitment to defer action on (b) as a condition of (a), so that we remain free to use (b) as soon as circumstances make that desirable.

My officials have kept your Department in touch with developments, and I hope that you would share my view that this is a notable success in pressing ahead with the introduction of new technology despite Union opposition. They have also kept the Inland Revenue in touch, because the contributions computer at Newcastle does vital work on income tax deduction documents, which is now being speeded up; and the Department of Employment, whom my computers also serve. I am therefore sending a copy of this letter to Geoffrey Howe, Norman Tebbit and the Prime Minister.

A handwritten signature in black ink, appearing to read 'Norman Fowler', written in a cursive style.

NORMAN FOWLER

5 OCT 1981



12 October 1981

MANAGEMENT -- IN CONFIDENCEIntroduction of new technology at Newcastle central
Office

The Prime Minister has seen your Secretary of State's recent letter to the Chancellor of the Duchy of Lancaster reporting that the Unions have agreed to the introduction of new technology in the Newcastle central office.

The Prime Minister has said that she would like to congratulate Mr. Fowler on his determined action, and on achieving a successful outcome in these negotiations.

I am copying this letter to Jill Rutter (H.M. Treasury) and Marie Fahey (Department of Employment).

WILLIAM RICKETT

Don Brereton, Esq.,
Department of Health and Social Security.

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MANAGEMENT IN CONFIDENCE



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Chancellor of the Duchy of Lancaster

The Rt Hon Norman Fowler, MP
Secretary of State for Social Services
Alexander Fleming House
Elephant and Castle
LONDON SE1 6BY

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12/10 12 October 1981

Dear Norman,

INTRODUCTION OF NEW TECHNOLOGY AT NEWCASTLE CENTRAL OFFICE

Thank you for your letter of 2 October in which you reported the outcome of the negotiations with the trade unions on the introduction of the new equipment at the Newcastle Central Office.

I was very pleased to learn that you have succeeded in overcoming the trade union opposition to the introduction of the new computers and laser printers in the absence of a national agreement. I was also glad to note that the introduction of the new equipment will reduce the recovery period for the computer recording of contribution records. The union agreement to cooperate with the introduction of a new computerised index is a further significant advance.

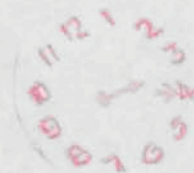
We will continue to seek a national agreement on New Technology. But, even with centrally agreed procedures on consultation and the implementation of new projects, in certain circumstances there will be the need for the firm and decisive management approach at local level of the kind you demonstrated during your negotiations.

I am sending copies of this letter to the Prime Minister, Geoffrey Howe and Norman Tebbit.

Yours sincerely
Janet

BARONESS YOUNG

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