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10 DOWNING STREET

From the Principal Private Secretary

29 January 1982

See Jim,

CIVIL SERVICE : INTRODUCTION OF
NEW TECHNOLOGY

The Prime Minister saw the Chancellor of the Duchy of Lancaster and Sir Robert Armstrong last night to discuss, on the basis of Sir Robert Armstrong's minute A07262 of 27 January 1982, the introduction of new technology in the Civil Service.

The Chancellor of the Duchy of Lancaster said that the introduction of new technology would result in a loss of three thousand jobs in the Civil Service in the next two years but she believed that this reduction could be achieved by means of natural wastage and that compulsory redundancy could thus be avoided. She would like to take advantage of this situation and to offer the unions an agreement based on a guarantee of no compulsory redundancies in the next two years. She was not seeking a no-redundancy guarantee in perpetuity: it was quite likely that in the period after the next two years the introduction of new technology would lead to compulsory redundancies. The unions were anxious to have a guarantee for the next two years. Their members were facing a new situation which engendered a sense of insecurity. If we did not offer a guarantee, the introduction of new technology was likely to be delayed for a year or more, and this would result in additional expenditure and would make it difficult for departments to achieve their planned manpower reductions. She thought that Ministerial colleagues should be given an opportunity to discuss the problem and she would like the Prime Minister's agreement that she should bring a paper to a meeting of E the following week which set out the options neutrally.

Sir Robert Armstrong said that he was anxious to reach an agreement with the unions on new technology before we got into a dispute with them over the 1982 pay settlement which might lead to them refusing to reach any new agreements on any matter. His own view was that we could probably get an agreement with the unions containing words which fell short of a guarantee. He thought that it might be enough if the

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Government were to indicate that it would be ready to use its best endeavours, like any good employer, to absorb those displaced through redeployment and natural wastage, without going so far as to guarantee that there would be no compulsory redundancies.

The Prime Minister said that she was ready to see everything possible done to find alternative jobs for those displaced by new technology, short of giving a guarantee of no compulsory redundancy. She frequently urged the private sector to use new equipment in the search for greater competitiveness, in the knowledge that this might sometimes result in the loss of jobs and redundancy. It would be giving industry completely the wrong kind of lead if the Civil Service unions were now given a guarantee of no redundancies. Moreover, even if we gave them a guarantee which was restricted to the next two years, the pass would have been sold and it would be impossible not to extend the guarantee subsequently. She was content for the Chancellor of the Duchy of Lancaster to bring to E a paper proposing an agreement with the unions which offered an undertaking that the Government would strain to avoid redundancies, although it could not guarantee that there would be none. The form of words might draw upon what had been said about a general pledge of no compulsory redundancy in Mr Channon's letter of 10 December 1980 to the Chancellor of the Exchequer.

I am sending a copy of this letter to David Wright (Cabinet Office).

Yours truly,

Anne Wharmby

Jim Buckley Esq.,
Chancellor of the Duchy of Lancaster's Office.