

SECRET

Prime Minister

2A²

cc:- Mr Duguid

To see.

MR. RICKETT

Mr Langkaster

WN 28/5

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Civil Service Industrial Dispute: Recovery

28/5

The Civil Service Department are, as you know, anxious that the Prime Minister should see the attached assessment by departments of the problems of recovering from the current industrial dispute. The assessment is based on the assumption that the dispute ends at about the end of June, and you will see from the sidelined passages that the recovery period varies from a few weeks to 18 months or so.

This seems at first sight alarming, but of course a long recovery period does not necessarily mean continuing cost to the Government, nor inconvenience to the public. The problems are likely to arise in the continuing loss of accuracy on Government statistics, and the inability of the public to understand why delays in services continue for substantial periods after the end of industrial action. There will also be accounting problems, with the need to write-off some foregone receipts, and these will be studied in more detail by the Civil Service Department. A further report could be made to the Prime Minister if she wishes later.

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28 May 1981

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GIA(81)30 REVISED

GROUP ON INDUSTRIAL ACTION
INDUSTRIAL ACTION CONTINGENCY PLANNING
RECOVERY PROBLEMS: DEPARTMENTS' ASSESSMENTS

Recovery problems were discussed at the meeting of the Group on Industrial Action on 19 May (GIA(81)25^m Meeting, paragraph 2 refers). The attached revised summary note includes Departmental comments on the draft circulated on 20 May. The summary note is circulated to members of GIA only.

Secretariat
Civil Service Department
Old Admiralty Building
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26 May 1981

RECOVERY PROBLEMS - DEPARTMENTS' ASSESSMENTS

- i. Treasury The longer the strike continues the more complex will be the recovery problems; the Treasury have been working on the assumption that the strike would continue to the end of June; the position would be reviewed shortly.
- ii. Departments of Industry and Trade The industrial action at Companies House for the last 3 months has created serious recovery problems at a time of pressures to reduce staff. A permanent backlog would affect access to company records and delay the registering of companies. Recovery would depend on the possible employment of a substantial number of casual staff and the attitude of staff which would depend on the way in which the action was resolved.
- iii. Foreign and Commonwealth Office The work of the Passport Offices was seasonal and peaked in the period May to July; industrial action would not have a long term effect as those who could not obtain a passport would cancel their holidays; recovery would be achieved by October/November.
- iv. Department of Employment Recovery would take 1 week for each week the DHSS computer at Newcastle was closed and would depend on the priority given to the unemployment benefit work when normal working on the computer was resumed. Unless it was possible for preliminary work on benefit taxation to start by October there was a risk that the system would not be operational by 1 April 1982; Treasury were being advised.
- v. Customs and Excise As at end May work on VAT and trade statistics at the Southend computer would take between 16 and 26 months to fully recover depending on the manpower resources available. Action to effect full recovery would take 5 to 6 weeks for each additional week of the strike and enforcement action if fully attempted would not be completed for some time. The Departments of Industry and Trade were pressing for recovery of trade statistics to be sequential from 9 March but this would have a serious adverse effect on the production of statistics of current trade. It was proposed that manpower reductions for the current year would have been available from the statistics area but this proposal might now have to be reviewed. The extent to which it was possible to achieve full recovery of both VAT and trade statistics would have to be considered when it appeared that industrial action was drawing to a close; this would depend to a large extent on the cooperation of staff to work overtime and the money available for overtime payments. Union conferences had proposed that further action would be taken at ports and airports before an all-out strike was called; further action at ports would cause further substantial difficulties and add to the delay of the recovery of trade statistics. It was essential for recovery throughout the Department that when the dispute was resolved an assurance should be obtained that documents handled by management would not be blacked; it would be unfortunate if TRD action had to continue. The London Airport Cargo Electronic Data Processing system (LACES) which was a joint airlines/agency/Customs and Excise system at Heathrow was due

to be replaced on 1 October. It was essential for Customs and Excise to carry out tests on the replacement Departmental Entry Processing System which would be delayed by the strike at Southend. Unless the tests were carried out soon, the new system would not be operational by 1 October and the Department would have to pay the full cost of continuing the LACES system (some £300,000 a month) and would face claims for compensation from other users of the new system (possibly upwards of £100,000 a month).

vii. Ministry of Defence Industrial action had been directed mainly at the Navy Department; the computers would take at least 3 months to recover; the armaments depots could take from 9 to 18 months to recover if the strike continued into July; it was unlikely that the work in the dockyards would fully recover and be completed on schedule. A note by the Secretary of State, which would be copied to the Lord President, about the longer term operational aspects, including the effects of the industrial action on trials and the operational capability, would be issued shortly.

vii. Inland Revenue The mood of the staff would determine the rate of recovery. If they returned to normal working beaten ~~the~~ and embittered their anger would be directed at senior management (who had processed the cheques in the Bush House operation), their colleagues who had declined to take industrial action and those who had not paid the strike levy. If there were no such recriminations the restoration of the PAYE computer record would take 6 months and this had to be completed before enforcement action could be taken against employers who had not made remittances of PAYE tax. It was thought that of the present shortfall of £1.9 billion in Inland Revenue receipts £1.5 billion related to non-payers, and a major enforcement exercise could take as long as 12 months. Ministerial approval might have to be sought to reduce this by not pursuing small payers. Industrial action at the 2 Accounts Offices would delay the introduction of Schedule D collection by at least 12 months. Industrial action at the DHSS computer at Longbenton was delaying the processing of work on deduction cards and this could lead to serious delay in repaying overpayments of PAYE tax. The overall picture showed that the work of tax offices and collections would be seriously disrupted.

viii. Departments of the Environment and Transport On the basis of the current action recovery at DVLC Swansea would take between 9 and 12 months; morale would be affected.

ix. Civil Aviation Authority If action continued to be confined to Air Traffic Control staff there would be no recovery problem; but maintenance would be affected if engineers went on strike.

x. DHSS Enquiries from DHSS local offices (LOs) and DE Unemployment Benefits Offices (UBOs) for contributions records were not being answered. Benefit was being paid by LOs and UBOs under emergency arrangements. If the dispute continued a few more weeks people who reached retirement age in July (currently 84,000 and increasing at 12,000 a week) would not receive retirement pensions on retirement: payment of supplementary benefit was the fall-back for those in financial need. Although priority would be given to

updating the computer-held contributions, records recovery would take 6 months at least. It would be impracticable to rectify all incorrect benefit payments issued during the strike. If the industrial action ceased in June it might be possible to proceed with the replacement of the existing 1906 computer at Newcastle by the 2980 computer, which was due in April, by the end of the year. The dispute might prevent the completion of arrangements for the deduction of income tax from pensions to be made at source from April 1982.

xi. MAFF The extent to which recovery would become a problem would depend on the period of disruption.

xii. Scottish Departments On the basis of a 10 week strike the Glasgow Sheriff Court might take of the order of 18 months to recover; a recent staff inspection had recommended a reduction of staff and grading levels which might result in industrial action continuing beyond the main dispute. As all the staff at the Edinburgh Sheriff Court were on strike no up-to-date report was available. If the agreement for the continuation of certain work at the Scottish Office computer centre remained intact, and on the assumption that the industrial action ceased at the end of May, then, depending on the acceptability of the settlement, recovery could be completed by the end of October. The Registers of Scotland could recovery by the end of the year.