

SECRET



JURAM R

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10 DOWNING STREET

From the Private Secretary

19 November 1984

THE NEWCASTLE SHIFT DISPUTE

The Prime Minister was grateful to the Secretary of State for Social Services for his minute of 9 November about the Newcastle Shift Dispute. She has also seen the comments of the Secretary of State for Employment and the Solicitor General.

The Prime Minister understands that the Lord President will be chairing a meeting on the further handling of the dispute later this week. She would be grateful for a further report in the light of the discussion.

I am sending copies of this letter to David Peretz (HM Treasury), Steve Godber (DHSS), David Normington (Department of Employment), Henry Steel (Law Officers' Department) and Richard Hatfield (Cabinet Office).

(DAVID BARCLAY)

Miss Janet Lewis-Jones,
Lord President's Office.

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Ref. A084/3040

MR TURNBULL

1/9

Newcastle Shift Dispute

With DB?

The Secretary of State for Social Services sent me a copy of his minute of 9 November to the Prime Minister.

2. I agree with the choice of option proposed by the Secretary of State. But I think that it might be as well to hold this up for a few days, to see whether (as seems likely) the other unions involved in the dispute sign up on the new DHSS offer.

RTA

ROBERT ARMSTRONG

15 November 1984

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u/s

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nbpm

DMB

13/11

PRIME MINISTER

Newcastle Shift Dispute

I have seen the minute which the Secretary of State for Social Services sent you on 9 November.

with RT

I am very strongly in favour of proceeding with the variation of contracts option, provided the legal advice is reasonably favourable.

I am sending copies of this minute to the Chancellor of the Exchequer, the Secretaries of State for Social Services and Employment, the Attorney General and Sir Robert Armstrong.

A large, stylized handwritten signature in blue ink, possibly reading "D".

12 November 1984

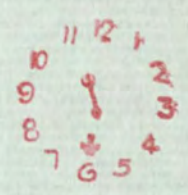
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13 NOV 1984



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Prime Minister:

PRIME MINISTER

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Mr Fisher sees two options
of the strike continues: unilateral
variation of the strikes contracts
or bringing in casuals. He prefers
the former but wishes to discuss
w E(PSP)

A 9/11

NEWCASTLE SHIFT DISPUTE

Although you and colleagues are well aware of this dispute, its background is summarised for convenience in the Annex to this minute.

At the end of October after further prolonged discussion between officials and unions a possible basis for agreement seemed to have emerged. This was accepted by two of the unions involved in the strike, overwhelmingly in the case of the SCPS and unanimously by the Civil Service Union. But on 1 November the CPSA members on strike voted overwhelmingly to reject it, despite advice to the contrary by the union's General Secretary, Alastair Graham. This union - led in Newcastle by a small number of militant tendency supporters - wishes to see existing shift patterns retained for all time; and throughout the negotiations it has proved completely intransigent.

The CPSA public posture seems to be to seek clarification of part of the offer and if so my officials will provide it quickly. However, I am sure that the CPSA union leaders at Newcastle are using this as a ploy to create further delays and seek further concessions. We have made it clear to the CPSA members that there must be early acceptance of the offer by them since we have now undoubtedly reached the "bottom line" and no further concessions can be made. I am satisfied from the latest CPSA strike circular that acceptance will not be forthcoming and that the dispute is in effect in stalemate. We have shown the unions that we are willing to meet the cost of the emergency procedures and that we will complete the uprating exercise; and they have failed to involve the Reading and Livingston Unemployment Benefit Centres in the strike. But because of the increasing costs and the strains on the system I do not believe that we can continue merely to sit out the dispute. Nor I suspect will the unions, who are already investigating means of escalating the strike by involving

inner city offices of both DHSS and Department of Employment.

There are three main options open to us: to dismiss the strikers with an offer of re-engagement; unilaterally to change their present contracts; or to recruit casuals to restore a service until the strikers return. I think the dismissal option too extreme in its possible effects on industrial relations in the Civil Service and perhaps more widely. The other two options are:

Variation of contract

Under the unilateral variation approach we would write to all those who have not accepted the proposals saying that we intend to implement the new arrangements in, say, six weeks; and that unless they return to work they would be liable to be moved out of the shift working area since after that time we would start to fill their posts with new permanent staff and would, therefore, in a relatively short timescale be able to restore a full service. The additional attraction of this course is that it puts pressure on the individual strikers to make a choice - at present they can simply go on securing their strike pay, without much personal penalty and we would still be offering them a job, although not necessarily on shift working. We have of course taken legal advice on this option and it is not without its drawbacks since it might leave us open to a claim for constructive dismissal and compensation before an industrial tribunal. Whether such a claim would succeed is hard to predict and I would certainly hope that the fairness of the offer we have made would weigh heavily against. There is also the point that to make such a claim the individual would first have to resign, with the risk of losing his job permanently. On balance, and subject to the views of the Attorney General and colleagues, I feel it is a risk we can accept.

Recruitment of casuals

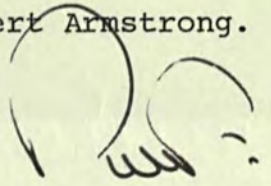
The other most practicable short-term step would be to recruit a limited number (around 40 initially) of casual staff to restore at least a minimum service. This would be done not through Jobcentres but by drawing on individual names known by local management to be interested. At first sight the step may appear to be less "provocative" than varying the contract since the casuals would be

E R.

on short-term contracts only. However, recruiting casual staff would be presented by the CPSA as bringing in "strike breakers", which is traditionally an emotive step in industrial disputes and tends to command wide union support. It might increase the risk of industrial action in inner city offices, and I cannot rule out the possibility that the CPSA would be able to gain support in some areas which are socially sensitive.

I am convinced that we cannot let the dispute drift on indefinitely. Post Offices, DHSS local offices and Newcastle Central Office itself are all coming under severe strain and the costs escalate. We need to take the initiative. It is essentially a matter of judgement which of the two main options is the better but, on balance, assuming the legal advice we have received is sound, I think that the unilateral variation of the contract option is probably the best way of putting pressure on the individual striker to accept what is an eminently reasonable offer without undermining the position of the moderate national officials in CPSA. It is the only step which could lead to a resumption of normal services without necessarily achieving a settlement of the strike.

Given the sensitivity of the issues, I would welcome an opportunity to discuss, either with the Ministers most closely concerned, or at E(PSP). I am copying this minute to the Lord President, the Chancellor of the Exchequer, the Secretary of State for Employment, the Attorney General and Sir Robert Armstrong.



9 November 1984

N F

NEWCASTLE SHIFT WORKING DISPUTE

1. The strike at the Department's Newcastle and Washington offices, which started in May 1984, concerns proposals to alter shift working arrangements in the computer operations area at Newcastle Central Office. The changes would improve efficiency, make better use of expensive computer equipment and meet current and emerging operational requirements. The need for the changes was brought to management's notice in an internal audit report which questioned the arrangements then in existence. In response to the report management initiated a review which found that the arrangements (which had been in operation since the early 1970s) were no longer appropriate to current operational needs.

2. The proposed changes would require the introduction, in some areas, of a rotating night shift to make full use of very expensive computer equipment whilst in other areas an existing night shift would be discontinued. Starting and finishing times would be adjusted so that staff on evening shifts would not receive a full night's allowance for working until only shortly after 12.30am. These changes would save the taxpayer £700,000 a year as well as provide a better service to beneficiaries. The savings would be derived from three main elements - reductions in the staff employed; elimination of expensive overtime working in some areas, and reductions in others - an objective we share with the unions; and less expenditure on shift allowances.

3. Management commenced negotiations with the unions in January this year which were then broken off by the unions who called for a strike from 14 May 1984. Since then approximately 400 of the computer operations staff have been on strike - a small minority of the 10,500 or so staff at Newcastle Central Office. For a few shift workers the changes could have resulted in a loss of take home pay. However management has been anxious to safeguard the earnings of existing shift workers. Since before the strike began management have made a series of offers which enabled existing shift workers who accepted the new arrangements to avoid any loss of take home pay. In their efforts to achieve a negotiated settlement management have always been more than willing to talk to the unions, and indeed agreed to the previously unprecedented step of involving ACAS.



9 NOV 1984

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