

7 Industrial relations, pay and employment policies

Industrial relations

7.1. Eleven trade unions are currently recognised by AEA and these fall into two groups—those representing non-industrial employees (ie `staff') and those representing industrial employees (ie craftsmen, plant operators, transport staff etc). Given the Departmental (Ministry of Supply, then briefly Department of Atomic Energy) origins of AEA and the fact that at one time all non-industrial employees were former Civil Servants a form of Whitley machinery has been maintained for these staff. Table 7.1 shows the constituent unions of the AEA Whitley Council and the number of members in each union.

TABLE 7.1 Staff trade unions represented on the AEA Whitley Council as at May 1991

	<i>Number of seats</i>	<i>Number of members employed in AEA</i>
Staff TU side Chairman	1	-
Staff TU side Secretary	1	-
Staff TU side Assistant Secretary	1	-
Institution of Professionals, Managers and Specialists (IPMS)	9	2,912
Civil and Public Services Association (CPSA)	4	603
National Union of Civil and Public Servants (NUCPS)	3	319
First Division Association (FDA)	1	31
AEA Constabulary Federation (AEACF)	<u>1</u>	<u>394</u>
Total	21	4,259 (67% of strength)

Source: AEA.

Note: As these figures are mainly derived from AEA check-off arrangements, actual union membership is likely to be higher.

7.2. Negotiation and consultation between management and industrial employee representatives is carried out through a National Joint Industrial Council (NJIC). Table 7.2 shows the constituent unions of this Council with membership figures. Union representation on the NJIC no longer accurately reflects membership levels following large reductions in the industrial workforce in recent years.

TABLE 7.2 Industrial trade unions represented on the NJIC, as at November 1990

	<i>Number of seats</i>	<i>Number of members employed in AEA</i>
Transport and General Workers' Union (TGWU)	5	1,027
General, Municipal, Boilermakers and Allied Trades Union (GMB)	5	337
Amalgamated Engineering Union (AEU)	4	572
Electrical Electronic Telecommunications and Plumbing Union (EETPU)	3	370
Union of Construction and Allied Trades Technicians (UCATT)	2	94
Manufacturing, Science, Finance Union (MSF)	<u>1</u>	<u>9</u>
Total	20	2,409 (86% of strength)

Source: AEA.

Note: As these figures are mainly derived from AEA check-off arrangements, actual union membership is likely to be higher.

7.3. Pay and conditions of service are, in the main, determined centrally (but see paragraph 7.5) and in addition at each site there are local Whitley Committees and local Joint Industrial Committees (JIC). There is a central joint committee for health and safety arrangements and detailed procedures are in place for dealing with disagreements and disputes. Some local bargaining takes place particularly at local JICs over matters concerned with working practices and productivity and attendance bonuses.

7.4. Apart from pay levels and pay periods conditions of employment for non-industrial and industrial employees have largely been harmonised.

7.5. The machinery is elaborate and costly in terms of time, effort and money. Joint consultation which includes not only formal joint consultation and negotiation but also industrial pay negotiations and frequent *ad hoc* meetings with employee representatives on a wide range of pay, conditions, staffing, pensions and other matters currently costs AEA around £750,000 per year. The Whitley Council has a limited role as a forum for negotiating the pay of non-industrial employees as the core salaries of these employees are determined by the pay settlements in the Civil Service (see paragraph 7.9).

7.6. In consequence some managers feel the need to prune the existing machinery, bringing it more into line with the new commercial culture of AEA and perhaps moving eventually to single-table bargaining. The unions told us that they considered that the current negotiating structures had worked well in the past but perhaps needed now to reflect the new business structure. The main concerns of the unions were to ensure that pay and conditions continued to be determined centrally for AEA as a whole and that agreements were complied with.

7.7. Management/union relationships appear to be cordial and, while inevitably there are occasional disagreements, instances of industrial action have been extremely rare. In view of the significant organisational changes and staff reductions of the past few years this is a measure of the effectiveness both of the existing machinery and the spirit of co-operation between management and unions.

7.8. The unions, apart from specific areas of disagreement, more generally complained that they were not involved sufficiently at the early stages of decision-making and of an overall lack of consultation. They alleged that many managers paid lip service to communications within the new business culture and that too many recent changes made too quickly had led to a lowering of morale. They believed that a period of stability would help to improve the situation.

Pay system

7.9. As a result of a Ministerial assurance given when AEA was formed, and subsequent staff agreements, the pay of non-industrial staff apart from that of the most senior staff (see paragraph 7.10) is linked to that of equivalent grades of the Civil Service. It is the view of AEA management that this is now an unhelpful inheritance-cumbersome, expensive and inflexible. Much has been done in recent years to adapt the system to AEA requirements rather than to attempt to break the link. Scientists, professional and technical staff and administrators have gradually been merged into a unified structure coupled with a simplification of job evaluation procedures.

7.10. Remuneration of the 88 senior staff (equivalent to Civil Service, grade 5+) has been changed. The majority have accepted the offer of personal contracts made in 1990 under which they forfeit any right to annual pay increases awarded to equivalent level staff in the Civil Service. Pay levels are determined by external comparators and are strongly linked to performance. Bonuses related to the achievement of objectives may be earned. In return staff receive the benefits associated with jobs at this level in the business world, namely cars, health insurance and financial planning advice.

7.11. The next level of management, 255 managers known as Band staff (equivalent to Civil Service grade 6), receive pay linked to Civil Service rates but greater flexibility is exercised through the use of a pay range rather than an incremental scale. Consideration is being given to extending personal contracts to this level.

7.12. Below Band level pay and conditions of staff are linked to those of equivalent Civil Service grades. However, the terms of the link contain the words 'due allowance being made for factors peculiar to the Authority' and AEA has interpreted these words liberally. As a result AEA has adapted its pay and staffing structure more closely to its business needs.

7.13. Market premium payments were introduced in 1986 to address recruitment and retention problems in areas where AEA is competing for scarce professional skills. A separate staffing group with enhanced pay rates was formed in 1990 to cover oil specialists employed in the APS business. Other pay flexibilities have also been introduced within the terms of the Civil Service link such as local pay additions for secretarial and typing grade staff employed in London.

7.14. Performance-related pay has recently been introduced for most non-industrial staff based on an annual appraisal of achievement against agreed objectives and performance standards which should, as far as possible, be measurable. Some difficulty has, however, been experienced in the setting of objectives and at present only about 50 per cent are quantifiable. Performance-related pay is implemented by means of incremental progression and is seen as a reward for regular sustained performance. Additionally most non-industrial employees are eligible for performance bonuses which may be paid up to a maximum of 10 per cent of salary to individuals in recognition of notable success in achieving particular business, technical or other objectives. In 1990/91 some 28 per cent of eligible staff received a performance bonus.

7.15. The pay of industrial employees is not linked to the Civil Service although there is close HMT interest in negotiations. Grade rates and allowances are negotiated centrally by the NJIC. AEA has one craft grade and three non-craft grades for industrial employees.

7.16. Basic grade rates are time rates for conditioned hours of 42 gross per week, an actual working week of 37 hours. There are allowances in addition to basic pay covering, for example, abnormal working conditions and the necessary wearing of irksome clothing such as pressurised suits or respirators. Shift workers are entitled to an allowance which is a percentage addition to their basic pay.

7.17. Initiatives have been taken in recent years to align the pay of industrial employees more closely to market rates and to achieve a more flexible workforce. The grading structure for non-craft grades has been simplified and reduced from six grades to three. An engineering supplement was introduced in 1989 and is paid to all craftsmen who work flexibly across the range of engineering craft duties. Added value payments (AVPs), also introduced in 1989, reward individuals or groups of employees for specific improvements in working practices. Two payments are available to craft grades and one payment to non-craft grades. Latest figures show that 778 of 786 craft grades were in receipt of both AVPs and 1,342 of 1,368 non-craft grades were in receipt of an AVP.

7.18. Attendance bonus schemes are in operation at all sites and current levels of payment vary between £32 and £49 for a perfect week's attendance. (See paragraph 8.21.) Team bonus schemes covering both industrial and non-industrial employees have also been devised, for example to promote efficient working during reactor shutdowns, ie to minimise shutdown time and maximise electricity generation.

7.19. The average weekly earnings of industrial workers during 1990/91 were £260 per week, which includes AVPs and attendance bonus. Overtime accounted for a little less than 10 per cent of earnings and shift pay less than 2 per cent. This compares with a Great Britain average of £236 per week for all manual workers at April 1991 (New Earnings Survey).

7.20. The long-term objective of AEA management is to break the link with Civil Service pay for non-industrial staff and introduce a new pay and staffing framework more suited to business needs. This would open the door to a more radical approach which would emphasise local and business flexibility to respond to market factors and focus on individual performance rather than grade. Managers also view the breaking of the link as symbolic-riding the organisation of one of the most important facets of Civil Service culture and emphasising the future need for a more dynamic and commercially-oriented approach.

7.21. The trade unions, which were aware of management's intentions, maintained that the current Civil Service pay arrangements contained a wide range of flexibilities which were as available to AEA as to any other Civil Service-related organisation and that managers did not understand, or want to understand, the flexibilities which already existed. They pointed out that increasingly the Civil Service pay system was rewarding flexibility and individual performance and that it was therefore not an economic use of resources for AEA to set up an entirely separate pay structure. An AEA pay system, the unions argued, would be expensive in management time to implement and maintain while currently HMT did the work at no cost. The trade unions therefore believed that there was no good reason to change AEA's present pay system.

Employment policies

Recruitment

7.22. Recruitment in AEA is undertaken both to meet specific work needs and, as in the annual graduate intake, to ensure an adequate infusion of new skills and talents to meet current and expected future needs.

7.23. Most recruitment is undertaken by line managers in businesses and sites with advice as required from local personnel staff who are responsible for managing the administration of the recruitment process including advertising, issuing application forms, short-listing, taking up references and other tasks.

7.24. The Graduate Recruitment Unit at CHQ was recently formed to help AEA compete more effectively in a situation where national demand for graduate scientists and engineers is forecast to outstrip supply. It provides a focus for the previously confusing array of contacts with AEA and is responsible for attracting direct entry graduate recruits and for co-ordinating graduate recruitment publicity including liaison with universities and polytechnics.

7.25. Recruitment at Band level is carried out locally but the need for the appointment and the final selection is approved by the relevant Managing Director.

7.26. The Senior Management Development, Pay and Appointments Section, Personnel Policy Branch CHQ, is responsible for assisting top management in any recruitment at the most senior levels, with decisions to appoint being taken by the Senior Appointments Board.

7.27. Although it is AEA policy when filling posts to prefer existing employees to external recruits to the greatest extent consistent with the efficient conduct of the work there are, in the main, no formal procedures for trawling vacancies internally before external advertising takes place. The trade unions alleged that even where internal applicants responded to external advertisements there was an underlying assumption that there was no suitably qualified internal candidate which may be due to lack of corporate information about skill shortages, about the precise need and extent of particular work requirements or about the experience and aptitudes of existing staff.

Training

7.28. Training in AEA has been organised on traditional lines as a relatively low-profile, low-status activity in which the main effort has been focused on delivering training courses at local level rather than on professional diagnosis of training needs and the design of appropriate solutions, of which formal courses are only one.

7.29. Training in AEA is in transition and the observation in paragraph 7.28 is taken from a Review of the Organisation of Training carried out in early 1990 by the AEA efficiency unit. Following this review a single Corporate Training Unit (CTU) is being established to replace existing site training centres. The CTU will be based at Risley and should be fully operational by 1 April 1992.

7.30. The main objectives of CTU will be to develop a training strategy for AEA, to implement that strategy by offering a training consultancy service, to design solutions to particular training needs, to

evaluate and validate training, to give advice and support regarding professional qualifications and to act as a training resource centre.

7.31. Existing local training centres will be closed but CTU will maintain the capability to deliver training locally by working in co-operation with local personnel departments to assemble the resources needed for each training event. Training services of a purely local nature will be integrated into local personnel departments. Reduced duplication and economies of scale are estimated to produce annual savings of around £200,000.

7.32. Management training in AEA has also benefited from a recent review. A range of 'capability statements' which define the attributes necessary for an AEA manager have been developed and are being used to develop new management and business training programmes delivered primarily by external organisations such as Ashridge, Brunel and UMIST.

7.33. Apprentice training is in sharp decline as AEA's demands for apprentices have fallen in line with reductions in the industrial workforce. The Risley apprentice training school was shut in 1989. Harwell's is due to close shortly and the scale of apprentice training at Dounreay and Winfrith has been greatly reduced and is under constant review. The trade unions have been opposed to these closures which they told us they believed were based on short-term considerations and financial pressures and ignored wider social and economic issues.

7.34. The unions expressed concern that insufficient training was being given to line managers following moves to increase delegated authority to them and also that too little attempt was made to retrain staff as against releasing them on early retirement terms.

7.35. Statistics which show volumes of training and costs are given at Appendix 7.1.

Equal opportunities

7.36. AEA is an equal opportunities employer, has a clearly defined policy, and has appointed a Corporate Equal Opportunities Manager and designated Equal Opportunities Officers at each site who carry out these functions as part of their normal duties. An Equal Opportunities Handbook for line managers is a succinct, attractive publication which outlines policy and legal requirements with a positive foreword from the Chairman.

7.37. Recent initiatives have included a career-break scheme, the introduction of increased flexibilities such as term-time working and support for educational initiatives designed to increase the numbers of young women studying scientific and technical subjects. Following a telephone survey among 200 female employees more publicity has been given through house journals to existing facilities such as job-sharing or homework possibilities. At one site a nursery has been established. AEA told us that these activities had helped to raise the profile of AEA externally as well as demonstrating commitment to existing employees.

7.38. Statistics show that the proportion of women in the organisation is increasing slowly but steadily. Current figures for female non-industrial employees are some 23 per cent of total businesses staff and 40 per cent of total sites staff-around 30 per cent of total AEA non-industrial staff. Rates of promotion for women appear broadly in line with the numbers of women in the grades from which the promotions are occurring. The overall number of part-time workers is now 316 of whom 306 are women-mainly in typing and clerical grades. No monitoring of ethnic minority employees is yet carried out.

7.39. The trade unions believed that equal opportunities staff adopted a passive role designed to ensure compliance with legislation rather than to ensure best use of employee resources. They alleged management reluctance to make more use of job-sharing arrangements or part-time working and were particularly aggrieved that they had been unable to persuade management to adopt flexible working hour schemes at some locations.

Absence and labour turnover

7.40. The responsibility for monitoring and controlling the attendance of employees rests with individual line managers in accordance with corporate guidance. Industrial employees have a clear incentive to attend for work under the recently introduced attendance-based bonus schemes which replaced the previous productivity bonus scheme.

7.41. AEA told us that sickness absence rates over the years had generally compared favourably with those of other organisations even taking account of the fact that AEA's workforce contained a relatively high proportion of professional staff. Responsibility for collating data on sickness absence rests with the Authority Chief Medical Officer who circulates information to senior line managers and reports to top management on any trends which give cause for concern. These data are based on staff availability of 365 days a year as AEA procedures allow for certified sickness absence to be recorded over all seven days of the week. Calculations on this basis assist AEA medical staff in studying the overall health of the workforce.

7.42. Sickness absence rates for the past five years are shown as days absent per year in Table 7.3. Current sickness absence percentage rates for male employees are 1.6 per cent for non-industrials and 3.6 per cent for industrials when calculated on a 365 days a year availability, with higher rates for female employees. These rates compare favourably with evidence in a recent survey conducted by Industrial Relations Services among 104 organisations in both private and public sectors which reported sickness absence levels varying between 1 and 8 per cent with 2 to 3 per cent common for non-manual employees and 4 to 5 per cent common for manual employees.

TABLE 7.3 **Sickness absence rates (days absent per year), 1986 to 1990**

	<i>Male industrials</i>	<i>Male non-industrials</i>	<i>Female industrials</i>	<i>Female non-industrials</i>
1986	16.76	7.78	24.68	13.44
1987	17.43	7.18	26.63	12.36
1988	20.98	8.59	28.64	14.63
1989	15.90	6.61	24.01	12.29
1990	13.20	5.86	23.92	10.78

Source: AEA.

7.43. Responsibility for monitoring labour turnover rests with line managers but the Manpower Unit in Personnel Policy Branch CHQ maintains a check on the overall position and provides statistical information on a quarterly basis. Statistics show steadily decreasing rates of labour turnover, latest yearly percentage rates being around 6 per cent for Authority grades, 11.4 per cent for non-industrial local grades and 7.5 per cent for industrial grades.

Personnel services

7.44. Currently the line businesses and sites operate within an overall personnel policy framework determined corporately, with local personnel teams at each location reporting through the sites organisation.

7.45. CHQ staff are concerned with forward strategies, with senior management succession and with negotiating AEA-wide agreements. Local personnel teams are responsible for advising site management on personnel matters and for giving professional advice and providing specialist services which are best managed on a local basis. Each business has, usually based at the location of the business headquarters, a Business Personnel Adviser who is the primary source of personnel advice and expertise to the business. There are in addition local personnel advisers at other locations where the business has a presence who offer advice and support under the co-ordination of the Business Personnel Adviser. In addition to their particular business responsibilities advisers, as members of the local personnel team, have functional responsibilities at their particular locations, for example for local recruitment or training. The personnel teams report to Site Directors, except in the case of the S&R business, where a small dedicated personnel team within the business has been established. An outline of the current personnel organisation is given at Appendix 7.2.

7.46. Recent personnel management changes in AEA have reinforced the policy of moving decision-taking to the point where the consequences of that decision are felt. As a result virtually all personnel decisions are now made by line managers with advice from personnel staff as required. This has necessitated a considerable shift in responsibility from personnel to line managers and from CHQ to local personnel teams. Comprehensive guidance in the form of a Personnel Manual for senior line managers has been introduced which outlines AEA policy and principles together with related personnel practice and action points for line managers.

7.47. Three main personnel information systems are in operation, the payroll, PRIDE and SUSIE. PRIDE (Personnel Related Integrated Database Environment) provides basic factual information on all individual employees, including previous employees. Access to the system is via VDU terminals in local personnel departments and CHQ and is password-controlled on a strict 'need-to-know' basis. SUSIE (Superannuation System Integrated Environment) deals with pensions for both AEA and the other participating employers in AEA's superannuation schemes which include BNFL, Amersham International and the National Radiological Protection Board (NRPB). Charges are made to these employers for this service. Several local personnel teams, for example at Winfrith, have developed their own systems based on PCs and this piecemeal approach has resulted in a certain amount of duplicate keying of information. Current development work is in train to enhance the information system facilities and to provide improved interfaces with local systems. There is a perceived need to improve access by the businesses to computerised personnel information.

7.48. Since the formation of the businesses local personnel departments have made significant changes. Cuts in personnel staff and costs of up to 40 per cent at some sites have had to be made to match the needs of the businesses and to contribute to overhead reductions required in the wake of funding reductions and plant closures. Personnel services have had to be costed and business needs ascertained. Businesses are in theory free to accept or reject personnel services in whole or in part but, at least initially, acceptance appears to be the norm although at an agreed price. Personnel costs vary between sites and the various businesses and are negotiated annually, usually as fixed price contracts based on per capita charges. In addition there are a number of on-demand charges for training and external costs such as vacancy advertising. Current per capita charges average around £470 per annum.

7.49. Although personnel and training services have already undergone staffing reductions the proportion of personnel and training staff within the workforce remains high. Coping with the organisational changes and workforce reductions of recent years has placed added burdens on the personnel function. Some personnel services are provided to 'lodger units'-for example, at Harwell for NIREX, the Rutherford Appleton Laboratory and the NRPB. There are particular problems of personnel liaison with the JET project where 250 AEA staff, half seconded and half recruited specifically for JET, are pursuing a petition to the European Parliament for pay parity with their Euratom colleagues.

7.50. Current and projected numbers of personnel and training staff are shown at Table 7.4.

TABLE 7.4 Personnel and training: manpower

	1990/91	1991/92	1993/94
S&R	13	13	13
Winfrith	35	25	22
Windscale	12	11	11
Culham/Harwell	114	86	52
Dounreay	27	27	25
Superannuations	50	50	50
Risley	32	26	29
CTU	-	8	12
CHQ	<u>49</u>	<u>45</u>	<u>36</u>
	332	291	250

Source: AEA.

With manpower of 332 at 1990/91 the proportion of personnel and training staff in the workforce is around 1:30-a figure which AEA agreed was high when compared with a range of other similar companies. The figure does, however, include some staff engaged in non-core personnel functions such as apprentice training and the superannuations office at Thurso. Although further reductions in personnel and training staff are planned in the years ahead, corresponding losses among the workforce bring a forecast proportional improvement to only 1:31 in 1991/92 and 1:33 in 1993/94. AEA told us that one way to reduce personnel staff numbers and costs would be to increase automation of personnel-related systems allied to a simplification of those systems but that progress in these areas depended on a decision whether or not to break the Civil Service link. Recent and projected personnel and training costs are shown at Table 7.5. The cost reductions are generally proportional to the staff reductions indicated in Table 7.4.

TABLE 7.5 Personnel and training: costs

	£'000		
	1990/91	1991/92	1993/94
S&R	188	202	201
Winfrith	1,463	1,006	910
Windscale	330	288	288
Culham/Harwell	5,106	4,461	2,390
Dounreay	1,086	989	970
Superannuation	1,660	1,800	1,800
Risley	978	709	787
CTU	-	446	1,300
CHQ	<u>1,624</u>	<u>1,340</u>	<u>1,138</u>
	12,435	11,241	9,784

Source: AEA.

7.51. From 1 April 1992 the personnel function is to be reorganised on an AEA-wide basis with both corporate and local services reporting to a Corporate Personnel Director, responsible to a Managing Director, Corporate Services. Appendix 7.3 shows the proposed new set-up. This reorganisation has been prompted by a realisation that the current structure, while having advantages in establishing the new overall AEA framework and in becoming increasingly more cost-effective, is inherently unstable. A primarily location-focused support structure has drawbacks in meeting the needs of businesses organised across two or more locations. Accountability has also been a problem with strains emerging between the personnel function at CHQ, senior business managers and Site Directors who currently have responsibility for local personnel teams.

7.52. The trade unions expressed concern with problems of morale among the workforce, especially in sites and services, where they alleged that there was evidence to show that employees felt themselves to be second-class citizens overlooked in the hectic activity occurring in the businesses. They were also worried about possible proliferation and duplication of personnel records by businesses.

Conclusions and recommendations

Industrial relations

7.53. The current consultation and bargaining machinery does not reflect the new commercial orientation of AEA. The staff side machinery continues to be based on a Whitley Council structure inherited from the Civil Service and lacks any meaningful role in pay negotiations, as Civil Service rates of pay are applied without negotiations (see paragraph 7.54). The NJIC for industrial employees does not, in its union representation, fairly reflect current membership levels because of the recent restructuring of the workforce. Present arrangements are elaborate and costly to maintain. We conclude that the current consultation and bargaining machinery requires modification. We recommend that AEA management and trade unions should jointly review the current consultation and bargaining machinery with the objective of implementing, by the end of 1993, improved and simplified arrangements more suited to the commercial aspirations of AEA.

Pay system

7.54. The pay of most non-industrial employees is linked to equivalent grades in the Civil Service. This inhibits flexibility, in particular the needs of AEA management to respond to market forces in specific locations or in the recruitment of particular skills. Attempts by AEA management over the years to adapt the pay system more closely to business needs have resulted in a hybrid structure where enhanced flexibility has engendered increased complexity. Performance-related pay has been introduced for most non-industrial employees but performance objectives are not always clearly defined or quantified. We conclude that:

- (a) the linkage of the pay of non-industrial staff to equivalent grades of the Civil Service is no longer appropriate in a business-led organisation; and
- (b) performance-related pay has most benefit when linked to the attainment of clearly specified and, wherever possible, quantifiable objectives.

7.55. We recommend that:

- (a) AEA management and trade unions should negotiate to review the current pay structure, with the objective of breaking the Civil Service link for non-industrial employees during 1993 and thereafter establishing a unified pay structure, to include both non-industrial and industrial employees; and
- (b) annual performance appraisals and the award of performance pay should be based as far as possible upon the achievement of quantifiable objectives such as financial targets, and completing projects to time, cost and specification, etc (see also paragraph 8.44).

Employment policies

7.56. Employment policies are generally well defined, with comprehensive guidance in handbooks and manuals. But there are instances where corporate policies are not carried out at local level, because of deficiencies in the training of line managers, the desire of local managers to be autonomous or a lack of corporate monitoring following the devolution of personnel responsibilities. Examples are the advertising of vacancies before consideration is given to possible internal candidates, and local opposition to job-sharing arrangements or part-time working. We conclude that the setting up of the new corporate personnel service and CTU in April 1992 will assist in addressing the problems of corporate/local differences in policy implementation.

Personnel services

7.57. Organisational changes and workforce reductions have placed added burdens on personnel staff in recent years. Despite some reduction in numbers the proportion of personnel and training staff to the total workforce is around 1:30. AEA management agreed that, compared with a number of comparator companies, the proportion was high and they told us that they had plans for a reduction in common with other services. Businesses, although in theory free to obtain personnel services from outside AEA, are in practice largely a captive market and charges for personnel work reflect the large numbers of such staff. We conclude that the proportion of personnel and training staff in the workforce is unusually high. We recommend that, within the six months following the introduction of the new corporate personnel service in April 1992, the numbers of personnel and training staff should be reviewed.