PREM 19/1427

32/5 PART 17.

M1

CONFIDENTIAL FILING.

Long Term Management and Manpower Policy
Slimming Down of Local Authority Staff
Performance Related Pay
Financial Management.
folder attached: MPO's Management Documents 1985-86

CIVIL SERVICE

PART 1: MARCH 1979
PART 17: DECEMBER 1984

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
6.12.84							
~~6.12.84~~		~~14.6.85~~					
~~14.1.85~~		19.6.85					
~~8.1.85~~		~~26.6.85~~					
~~28.1.85~~		~~21/6/85~~					
~~12.2.85~~		~~25.6.85~~					
13.2.85		~~2.7.85~~					
~~15.2.85~~		~~9.7.85~~					
~~22.2.85~~		10.7.85					
~~25.2.85~~		~~15.7.85~~					
~~1.3.85~~		~~16.7.85~~					
~~15.3.85~~		~~19.7.85~~					
~~22.3.85~~		~~22.7.85~~					
~~2.4.85~~		~~8.8.85~~					
~~4.4.85~~		~~13/8/85~~					
~~14.4.85~~		~~22.8.85~~					
~~22.4.85~~		~~28.8.85~~					
~~6.5.85~~		30.8.85					
~~12.5.85~~							
~~22.5.85~~							
~~24.5.85~~		— PART ENDS —					
11/12/85							

PREM 19/1427

PART 17 ends:-

SS/MOD to CST 30.8.85

PART 18 begins:-

CST to PM 10.9.85.

CC NO

NBPM at this stage.
DRS
6/9

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

MO 2/2/6L

30 August 1985

Dear Peter

CONTROL OF CIVIL SERVICE RUNNING COSTS

I have read your minute of 26th July to the Prime Minister with great interest and I am in full agreement with your general proposition about the need for effective control of running costs, subject of course to my retaining the capability to manage the defence cash limit as a single block.

I note that you will be consulting colleagues about the proposed new arrangements for in-year control and monitoring of Departmental running costs limits. But I very much hope that we shall have an opportunity to consider the whole package of Treasury proposals (including the pay aspects) after they have been discussed at official level.

I am sending copies of this letter to the Prime Minister, to our other Cabinet colleagues, and to Sir Robert Armstrong and Sir Robin Ibbs.

Yours ever

Michael

Michael Heseltine

The Rt Hon Peter Rees QC MP

Long Term: Civil Service

PE17

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary 30 August 1985

GOVERNMENT EMERGENCY COMMUNICATIONS SYSTEMS

The Prime Minister has seen the Home Secretary's minute of 15 August. She has noted the points he makes and that there is at present no existing provision for this matter beyond the current year. She has also noted that these issues will need to be resolved in the discussions between the Home Secretary and the Chief Secretary.

(MARK ADDISON)

Hugh Taylor, Esq.,
Home Office.

CONFIDENTIAL

E.R.

PRIME MINISTER

GOVERNMENT EMERGENCY COMMUNICATIONS SYSTEMS

You will remember you agreed that Departmental responsibility for Government emergency communications systems should be transferred to the Home Office. Meanwhile, a major review of Government emergency communications systems is being put in hand.

The Home Secretary's note, attached, reiterates his concern that he could only take on responsibility of this kind if the necessary PES provision were made. His view was clearly reflected in Sir Robert Armstrong's earlier note, and other Departments concerned are aware of it.

Content that I should respond to the Home Office saying you have noted the points made in the Home Secretary's minute, that there is at present no existing provision of this kind beyond the current year, and that these issues will need to be resolved in the discussions between the Home Secretary and the Chief Secretary?

Yes MT

Mark Addison

(Mark Addison)

28 August 1985

MANAGEMENT - IN CONFIDENCE

CCAO

Department of the Environment
2 Marsham Street
London SW1 3EB

From the Minister of State

Telephone 01-212 3434

J/PSO/36166/85

22 August 1985

NBPM

Dear Peter

CONTROL OF CIVIL SERVICE RUNNING COSTS

You sent Patrick Jenkin a copy of your minute of 26 July to the Prime Minister. I am replying in Patrick's absence.

We fully support the drive to make running cost targets effective, and we shall be ensuring that we have the necessary mechanisms in place in the Department to achieve this. But I think we must be clear from the start that, once the targets have been agreed between us, Departments themselves should be responsible for delivering them. Too much intervention from the centre would run counter to FMI principles, and would I think lead us in the wrong direction. I am sure you will bear this in mind in drawing up your proposals for new arrangements.

The idea of re-shaping Departmental staff inspectorates to become running cost inspectorates raises a range of questions about the respective roles of the various consultancy and inspection services, and we shall be interested to see these explored further as you propose.

I am copying this to the members of Cabinet, Sir Robert Armstrong and Sir Robin Ibbs.

Yours

Rodney

THE LORD ELTON

The Rt Hon Peter Rees QC MP

CONFIDENTIAL

PRIME MINISTER

GOVERNMENT EMERGENCY COMMUNICATIONS SYSTEMS

I have seen your Private Secretary's minute of 8 August recording your agreement with the proposal that Departmental responsibility for emergency communications should pass to the Home Office. As Sir Robert Armstrong indicated in his minute of 7 August I am content with this arrangement. But as he points out I shall inherit no existing provision in the Public Expenditure Survey programmes to enable me to discharge it. My agreement to the proposed reallocation of responsibility was therefore wholly conditional upon the necessary public expenditure provision being found otherwise than at the expense of Home Office programmes. The demands on Home Office programmes are such that I cannot offer savings, in finance or management, to make room for a new item for which no provision has been made. I am, of course, ready to discuss with the Chief Secretary what sort of provision needs to be made, and with that in mind intend that the proposed review should be carried out urgently.

L.B.

15th August 1985

CONFIDENTIAL

Long Term Policy: CIVIL SERVICE

Pt 17.

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CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

13 August 1985

PRINCIPAL SHORTAGE

The Prime Minister has seen Lord Gowrie's minute of 7 August. She takes the view that a direct entry competition for Principals should not be held this year.

The Prime Minister noted that one of the causes of the "morale" problem seems to be that there are too many good people at Principal level, chasing too few jobs further up the scale, and she finds it difficult to believe that the talents of all these people are currently fully utilised. She has also noted that the numbers being sought are very small, by comparison with the 500 promotions to Principal each year; she is therefore doubtful that an expensive external recruitment competition is necessary. Finally, she believes an external competition could damage morale at Principal level where, to the extent that there is a morale problem, it is perhaps most evident.

I am sending a copy of this letter to Richard Hatfield (Cabinet Office).

MARK ADDISON

Paul Thomas, Esq.,
Management and Personnel Office

CONFIDENTIAL

250b/033

MANAGEMENT IN CONFIDENCE

CC NO

Treasury Chambers, Parliament Street, SWIP 3AG

The Rt Hon Michael Heseltine MP
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
LONDON SW1A 2HB

12th August 1985

Dear Michael,

MULTI-DEPARTMENTAL REVIEW OF BUDGETING

You will recall that the Chief Secretary, who is on leave, wrote to you in February seeking your Department's participation in Tony Wilson's multi-departmental review on the development and management of budgetary control. The review is being carried out in two phases; the Phase I departmental reports were completed early last month and I now enclose a copy of the Phase I Central Report. It is concerned more with identifying the issues which have emerged for further exploration in the second phase of the work than consolidating the detail contained in the seven departmental reports.

in folder, ... att.

Copies of this letter go to Tom King, Norman Tebbit, David Waddington, John Patten and Peter Morrison given their responsibilities for the other participating departments and to Sir Robin Ibbs. In view of the possible wider interest in the subject I am also sending the report to all other Ministers in charge of departments.

Yours Ian

IAN STEWART

PRIME MINISTER

Lord Gowrie's minute (attached) seeks your permission to hold an external competition to recruit direct entry Principals, albeit a restricted one.

You will remember that last year you resisted a similar request, and that Lord Gowrie agreed that an internal competition should be conducted instead.

Lord Gowrie's minute does not make out much of a case. There are no facts and figures to pinpoint the shortages. It is simply asserted that 'departments have difficulties in finding good quality Principals to meet demand'.

There are a number of prima facie arguments against Lord Gowrie's proposed course of action:

i) One of the causes of the 'morale problem' is that there are too many good people at Principal level, chasing too few jobs further up the scale. It seems difficult to believe that the talents of all these people are currently fully utilised.

ii) If the aim is to attract high quality, is an external competition going to deliver the goods? I doubt that experience to date gives much ground for optimism. Pay relativities with the private sector work against it. And are local authorities really a plausible source of supply?

iii) The numbers being sought are small (about thirty in total). There are five hundred promotions to Principal each year. Can it really be that an expensive external recruitment competition is necessary?

iv) If some departments are short of talent, some - particularly those suffering most from promotion

blockages - will be better off. Perhaps more inter-departmental movement is the answer.

v) An external competition will damage morale at Principal level. To the extent that there is a morale problem, it is perhaps most serious in this group. And the impact of the TSRB awards is unlikely to have provided much of a fillip here.

In the light of these points, and of the sketchy arguments in Lord Gowrie's minute, you may like to ask him to set out a stronger case, given the possible cost and morale implications of his proposal. You will also, I think, wish to seek advice from Sir Robert Armstrong.

Content that I should reply accordingly?

I do not think we should hold an early competition this year - I agree with your points (i) - (iii) & (v)

MT.

Mark Addison

Mark Addison
9 August 1985

BEMAWN

file

10 DOWNING STREET

From the Private Secretary

8 August 1985

This is just to record that the Prime Minister has seen the Chief Secretary's minute of 26 July on the control of Civil Service running costs and has approved the arrangements set out in that minute.

TIMOTHY FLESHER

Richard Broadbent, Esq.,
Chief Secretary's Office,
H.M. Treasury.

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

MR HATFIELD

The Prime Minister has now seen Sir Robert Armstrong's minute of 7 August about Ministerial responsibility for Government emergency communications systems. She was content with his proposal that departmental responsibility should be transferred to the Home Office.

The Prime Minister noted the approach being taken by BT recently; she wonders whether we cannot get competitive tenders from Mercury and Cable and Wireless. I imagine some thought has already been given to this but I should be grateful for further consideration to be given and a note setting out the position prepared.

I am copying this minute to Mr Taylor (Home Office), Mr Mogg (Department of Trade and Industry), Mr Mottram (Ministry of Defence), Mr Graham (Scottish Office), Mr Daniell (Northern Ireland Office) and Mr Broadbent (Chief Secretary's Office).

Tim Flesher
8 August 1985

CONFIDENTIAL

010

cc N.P.
cc R. Halfield

Chancellor of the Duchy of Lancaster

PRIME MINISTER

PRINCIPAL SHORTAGE

As you know, a number of departments have had difficulties in the past few years in finding sufficient good quality Principals to meet an increased demand for people with their type of skills. This has been exacerbated in several instances by the loss of key individuals to the private sector through resignation. We hope to overcome this in the medium term by the management development programmes for junior staff recommended in a scrutiny report which you approved at the end of last year. Robin Ibbs and I have now agreed an action plan which will ensure that these are introduced in all departments from the beginning of next year.

Until this takes effect we have, however, to continue with short term remedies. Last year you authorised a special internal competition which has succeeded in meeting a significant part of the demand. 44 of the 65+ vacancies for top quality Principals were filled. I am pleased with the results of the competition and think it worth repeating. I am doubtful, however, whether a repeat this year so soon after the last would be productive. We need a longer interval to let the potential field once more develop. I think this is therefore an option for next year rather than this year.

This still leaves us, however, with a shortage this year in a number of departments, which have been facing particular pressures as a result of policy initiatives expanding the need for high quality staff and losses of such staff through resignation: these are mainly the Departments of the Environment, Transport and Trade and Industry, plus a few other departments with smaller needs. All of these departments have been asked to take a very careful look at their own staff and make what use they can of interdepartmental transfer but they have concluded that the only option to meet such difficulties is some form of recruitment.

We need to consider the effect this recruitment could have on morale at a time of diminishing promotion prospects, and I know you share this concern. I have therefore looked at ways in which this might be avoided or lessenend. For this reason I have put aside for now the option of a conventional generalist Principal competition of the sort that was held during the 1970s. Instead I propose two small special competitions, one aimed at those with experience in local authorities for Environment and Transport and one aimed at industry for Trade and Industry where I know Norman Tebbit is keen to tap this source of supply. Other departments would be allowed to opt for one of these. The first competition would be for about

15-18 vacancies and the second for about 10-15 vacancies. This contrasts with 500 promotions to Principal each year, so even the notional effect on promotion is small, and the worst of the blockages are, of course, in the grades above this level.

I propose to keep in view the possibility of supplementing these special competitions next year with another in-service competition. This would give a further opportunity for serving staff to prove themselves. Thereafter we might hold occasional special external competitions on the lines of those I have suggested but aimed at different targets in line with developments in the labour market.

This approach should enable us to maintain an adequate Principal supply in the interval until the management development programmes begin to bear fruit in 2 or 3 years time and I would be grateful for your authority to proceed on this basis.

G.

GOWRIE
7 August 1985

010

Ref. A085/2112

PRIME MINISTER

Prime Minister:

Do you agree that responsibility for the functions at X should be transferred to the Home Office as Sir Robert Armstrong suggests?

TP 7/8. Yes

Government Emergency Communications Systems

Three special commmunications systems are maintained for use in times of crisis and war:

(1) a system for use by regional government is maintained by the Home Office;

(2) a system for military use is maintained by the Ministry of Defence;

X (3) systems for the use of central Government and other essential users is at present the responsibility of the Department of Trade and Industry (DTI), as the "sponsor" Department for the telecommunications industry.

2. A problem has now arisen about departmental responsibility for the third set of systems. In the changed circumstances following the privatisation of British Telecom (BT), The Secretary of State for Trade and Industry takes strongly the view that it is inappropriate for him to have this responsibility. A decision on the allocation of responsibility is needed quickly, since the DTI decided last year to make no public expenditure provision for maintaining the systems from the present financial year onwards and the Treasury have made temporary provision from the Reserve for this year only.

3. The attached report by officials (HDO(85) 6) describes the communications for which the DTI is presently responsible (paragraph 2 and Annex A) and also those administered by other

RTAABL

Departments (paragraph 3 and Annex B). It explains the changes regarding the systems administered by the DTI that have been caused by the privatisation of BT. The most significant change is an increase in BT's annual charge to Government from £3 million this year to at least £21 million, consequent upon BT's decision to charge full cost and profit for the provision of this service to the Government (paragraph 4), and upon the shift in BT's role from that of participant in governmental planning to that of private sector contractor. It gives the DTI's reasons for wishing to shed responsibility (paragraph 6). The report concludes that there are two serious options regarding future responsibility for these systems: either the DTI itself should remain responsible or the Home Office should assume responsibility (perhaps with the Scottish Office exercising it north of the border and the Northern Ireland Office doing so in Northern Ireland). There is a third option: to assign responsibility to the Cabinet Office Telecommunications Divison and the Central Computer and Telecommunications Agency of the Treasury, who have joint responsibilities in connection with the provision of peacetime telecommunications systems in Government; but the report concludes that it would be "out of proportion" to load the responsibility and the budget for maintaining the emergency systems on to these two small organisations.

4. The report also concludes that a major review of Government emergency communications systems is needed, not least because of their greatly increased cost to Government following privatisation of BT, in order to see what rationalisation between the various systems may be possible, to decide what modernisation is necessary (since many of the systems are old and out of date), and to see whether some of the costs could be recouped by commercial use of the emergency systems in peacetime.

RTAABL

5. There is no provision in the existing Public Expenditure Survey programmes for 1986-87 and 1987-88 for this expenditure. Whichever Department is to be responsible will have to decide what expenditure to propose, and agree the necessary PES provision with the Treasury. The Treasury will no doubt argue that the additional expenditure will have to be found from within the planned total of public expenditure, and that its priority and any consequent changes in departmental allocations are a matter for the annual expenditure Surveys. This underlines the need for an early decision on departmental responsibility.

6. I have discussed this subject with the Permanent Secretaries concerned. There is one strong argument for leaving responsibility for the systems in question with the DTI. This is the general principle - to which the Home Departments attach considerable importance if civil defence and wartime planning are to be undertaken effectively - that the Department responsible for peacetime regulation of a particular industry is also responsible for making arrangements for that industry in time of war. Thus, the Department of Transport is responsible for shipping etc and the Ministry of Agriculture, Fisheries and Food for food stocks in time of war. The main argument for switching responsibility to the Home Office is that it is the Department with the greatest responsibility for civil defence and therefore the strongest interest in the existence and effectiveness of the communications concerned. It is thus the natural contractual partner for BT. A second argument is that the Home Office is already responsible for the emergency communications required specifically for regional and local government after nuclear attack and for the warning and monitoring organisation,and has a much larger staff with relevant knowledge of telecommunications operation and procurement than the DTI. It should thus be better placed to uphold the Government's interests as a customer effectively in negotiations with BT. If responsibility remained with DTI, it

would have to set up its own procurement unit like that now existing in the Home Office in order to carry out a similar function, with the risk of some consequent duplication of effort and a greater call on the scarce resource of telecommunications expertise.

7. In my view the arguments for transferring responsibility to the Home Office are stronger than those for making no changes. The Home Secretary is ready to accept this responsibility only on the clear understanding that the resources which are needed, both for the increased annual charges and whatever is agreed to be necessary following the review, do not have to come from existing Home Office allocation. This is something that the Treasury and the Home Office would have to discuss in the Survey context but, since neither the Home Office nor the DTI has any provision at present beyond the current year, additional resources will need to be found in any case, so I do not believe that this need or should delay the decision on responsibility. I therefore recommend that the responsibility should be transferred to the Home Office as soon as possible.

8. The Scottish Office and the Northern Ireland Office would participate in the review partly to determine whether it would be practicable and reasonable for them to acquire responsibility north of the border and in Northern Ireland; the Treasury would also be associated with the review.

9. I am sending copies of this minute to the Home Secretary and to the Secretaries of State for Trade and Industry, Defence, Scotland and Northern Ireland, and to the Chief Secretary.

Approved by
ROBERT ARMSTRONG
and signed in his absence

7 August 1985

RTAABL

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CONFIDENTIAL

CCNS

CIVIL SERVICE
L—T

Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 6460
Switchboard 01-213 3000

NSPH

The Rt Hon Peter Rees QC MP
Chief Secretary
HM Treasury
Great George Street
LONDON SW1

7th August 1985

Dear Peter

LONG TERM UNEMPLOYMENT

At the E(A) meeting on 23 July it was decided that I should submit to you my proposals for deploying additional staff to combat benefit fraud over and above the 100 extra staff for which immediate authorisation was given. I have already taken steps to recruit those and hope to have them in post by 1 October. For convenience I am including that tranche of staff within my proposals set out below.

At E(A) I did explain that I felt the number of extra staff that could be employed on fraud work on a cost-effective basis could be as high as 1,000. I consider, however, that the approach should be to take on staff on a staged basis with a checkpoint built into the programme so that we can take stock and evaluate the results being achieved. We shall, of course, be closely monitoring the results achieved by the extra fraud staff from the start of their introduction.

For convenience I set out below the planned take on of the additional staff:

	Target Date for recruitment	Target Date for operational working	Staff Numbers per tranche
PHASE I	(1.10.85	31.12.85	130*
	(1. 1.86	31. 3.86	150
	(1. 4.86	1. 7.86 checkpoint	150
PHASE II	(1.10.86	31.12.86	150
	(1. 1.87	31. 3.87	150
PHASE III	1. 4.87 onwards - further input up to 270 according to operational results from Phases I and II		

* includes 100 staff already authorised.

CONFIDENTIAL

As you will see I have planned the phases to match the relevant financial years. The costs and benefits are as follows:-

	Man years	Cost	Benefit Savings
1985-86	102.5	£1.2m	£1.2m+
1986-87	~~442.5~~ 542.5	~~£5.3m~~ £6.5m	£10.9m
1987-88	730*	£8.8m	£18.8m

+ benefit impact low due to staff training effort.

* option to expand by 270 not included.

These figures are based on a man year cost of £12,000 per annum for each addition and the benefit savings are calculated on the assumption of 22 weeks benefit savings at £35 a week (excluding housing benefit).

The benefit savings do, of course, occur on Norman Fowler's social security programmes which no doubt you will wish to take into account. The estimated savings are cautious and I have not attempted to use the higher indicator of 32 weeks benefit savings that can apply and is used by DHSS fraud teams for certain types of fraud activity.

I hope you will find this outline of my proposals helpful and my officials stand ready to discuss the details with you in advance of our PES meeting. I am sending copies of this letter to the Prime Minister and Norman Fowler.

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

cc OL pl.

NBPM

6 August 1985

Dear Greg,

COMPULSORY REDUNDANCY: PSA DIRECTLY EMPLOYED LABOUR (DEL)

Thank you for your letter of 27 June. I am grateful for the views which I have had from other colleagues in response to my letter of 10 June and this reply responds to them also.

There is general endorsement of my intention to make some DEL redundant to correct imbalances and so improve the efficiency of the labour force. However, given the doubts expressed by the Prime Minister and Michael Heseltine about compulsory redundancies to complete the implementation of PRS, I propose to look again for other ways of meeting, so far as practicable, wishes to be free to order minor works from contractors in buildings where we still have DEL.

As Norman Tebbit says, this exploration could be done through existing inter-departmental machinery. One possibility may be to let the general PRS arrangements apply to buildings where we have DEL on the understanding that occupying Departments would only go to contractors for minor works after they had established that the DEL could not do the work in question. This would meet George Younger's point. There will be formidable accounting and managerial problems to be resolved but I think that this way forward is more in keeping with our policy for DEL than trying to make DEL compete for work with contractors. We are reducing DEL to the number needed to do work which for one reason or another cannot be done by contractors. The problem is to keep the labour force employed effectively during the rundown process and to introduce an element of competition would not necessarily help to solve this problem but would be likely to complicate the local management task. Moreover it would give the trade unions the opportunity to question again the policy of reducing DEL which is based on a broad judgement of the balance of advantage rather than on detailed local costings.

Civil Service: L-T
A 17

I propose to speed up the reduction of DEL numbers across the civil and defence estates by making a further offer of selective voluntary redundancy. Previous offers have been made for comparatively limited periods of time. I envisage keeping the new offer open for a longer period - say a year, subject to review at intervals. This will give people more time to consider the offer and to find other jobs. If the present rate of natural wastage can be augmented by voluntary redundancy, the problems of applying PRS type arrangements on both the civil and defence estates will be reduced.

Michael Heseltine does not support compulsory redundancy for PRS reasons nor on the defence estate. The above proposals for correcting imbalances, offering voluntary redundancy and the possibility of bringing all buildings into PRS while using the DEL that are still there, can also be applied on the defence side. These ideas will be pursued during consideration of the proposals for a substantial expansion of the defence local maintenance budgets scheme to which Michael Heseltine refers.

I now intend to:

(1) launch a programme of compulsory redundancies to correct imbalances in the DEL now that the 1985 industrial pay negotiations to which Peter Rees refers have been concluded;

(2) initiate an inter-departmental examination of ways of widening the implementation of the PRS minor works provisions in buildings where we still need to employ DEL, taking account of special interests of the sort which Leon Brittan instances;

(3) continue discussions with MOD about extending the principles of PRS to the defence estate; and

(4) make a long term offer of voluntary redundancy to our Works DEL.

I am copying this letter to the Prime Minister, other members of the Cabinet and to Sir Robert Armstrong.

Yours ever
Ian

IAN GOW

The Rt Hon the Earl of Gowrie

016/1283

MANAGEMENT IN CONFIDENCE

FROM: CHIEF SECRETARY
DATE: 26 July 1985

PRIME MINISTER

To note and approve AT 26/7

CONTROL OF CIVIL SERVICE RUNNING COSTS

In giving your agreement in March to the introduction of running cost controls, you asked the Treasury and the Efficiency Unit to consider what needs to be done to ensure that running cost targets are as successful as manpower targets have been. I discussed this at a helpful meeting with Robin Ibbs last month.

2 Cabinet has approved my proposals for dealing with running costs in the Survey and I shall be taking these forward during my bilaterals with Ministerial colleagues in the Autumn.

3 I also intend soon to put to colleagues proposals for new arrangements for in-year control and monitoring of departmental running costs limits. I envisage that the departmental running cost limits agreed in the Survey will operate as control totals in the course of 1986-87. Departments' Estimates for running costs will have to be within the agreed limits and no supplementary provision would normally be allowed. Quarterly, and later, monthly monitoring reports, developed from the current system that monitors supply expenditure generally, would provide early warning of possible departmental problems. Any changes in running cost limits would, like manpower targets and cash limits, require Treasury Ministers' approval, and revised limits would be published, for example, by an arranged PQ.

4 These improvements in control and monitoring are important and will help, but will not be good enough unless senior management in departments are ready to deliver the tough yet realistic running cost limits to be set each year. We know that, as yet, there are considerable variations in departments'

ability to do this and it is most important that colleagues insist that their departments carry this out properly. Robin Ibbs and I have, therefore, considered other measures. We agree that it will be essential to give managers the authority and to get their commitment to restrain running costs. Tony Wilson's review of budgeting is already exposing strengths and weaknesses in departmental control arrangements. The recommendations he should bring forward in due course will strengthen their ability to set and monitor running cost limits.

5 We agree also on the need to keep running cost limits and controls simple (simplicity has been the key to the success of manpower targets). There should be quarterly departmental monitoring of running costs, with the option of calling for monthly reports in cases where problems are revealed. It would be for a department to respond, perhaps by scrutiny study, where persistent difficulties were revealed; but the Treasury's monitoring system has to be good enough to ensure that departments have taken action when problems emerge.

6 Robin Ibbs suggested that Treasury and departmental staff inspectorates might be reshaped to become running costs inspectorates. This is an attractive idea: inspectors already have a diagnostic role going wider than staff inspection and they are encouraged to make recommendations on non-manpower matters. There is scope for further enhanced co-operation between staff inspectorates and other efficiency arms of Government departments (such as O & M and management accountancy) which can play a part in ensuring that running costs limits are monitored and controlled. I intend to see, therefore, how far we can develop flexible arrangements to enhance their role and provide additional opportunities for throwing up significant savings. I propose to do so initially in our review of the co-ordination and direction of the central Consulting, Inspection and Review services. Meanwhile we will ensure that all inspectors and other efficiency specialists, are alive to the need to examine running costs as part of their normal work and systematically to feed back any worthwhile information to senior management.

7 I hope you will approve these proposals and actions and endorse the key role colleagues can play in insisting that their senior managements set tough yet realistic running cost limits each year. The processes of agreement during the Survey, and the reviews, such as that of budgeting practices, can help but it is the willingness of colleagues to make a success of tight running costs that should ensure that this technique of control matches our success in holding down manpower numbers.

I am copying this to members of the Cabinet, Sir Robert Armstrong and Sir Robin Ibbs.

for PETER REES

[Approved by the Chief Secretary]

Subject

cc. master.

SRW

10 DOWNING STREET

From the Private Secretary

Mr. Hatfield

MORALE IN THE CIVIL SERVICE

The Prime Minister held a meeting today to discuss morale in the Civil Service. Present were Lord President, Chancellor of the Exchequer, Foreign Secretary, Chancellor of the Duchy of Lancaster, Minister of State Treasury, and Sir Robert Armstrong. The discussion took place against the background of the Government's announcement of its decisions on the TSRB report.

It was argued that the prospect of higher, more performance-related rewards at the top of the Civil Service would not necessarily improve morale lower down the Service where the feeling was that promotion opportunities were deteriorating and the prospects for reaching those higher posts looked dim. To obtain full benefit from having accepted the TSRB recommendations, the Government must take action to improve promotion prospects. Ministers had already considered the problem of promotion blockages and schemes for personal promotion and additional payments for sustained high performance, and for an expansion of the early retirement provisions, were now being worked upon.

Discussion then turned to the role of the TSRB. It was argued that the horizontal division of salary groups was unhelpful to the Government as any larger than average awards would immediately create feelings of resentment. Following the introduction of a new structure of salaries, the time was right to wind up the TSRB. The salaries of senior officers in the armed forces could be considered by the AFPRB; salaries of senior Civil Servants could be considered as part of the post-Megaw arrangements for the Civil Service generally; and the judiciary could be considered separately. It was agreed that the Chancellor should put forward a paper setting out how such a vertical arrangement might be operated.

The meeting then considered ways in which more flexible salary structures could respond to difficulties of recruitment and retention. The Chancellor gave figures (see the attached table) setting out the resignations of Assistant Secretaries and Principals. He felt these figures could not yet be taken as conclusive of a rising trend. Difficulties in recruiting or retaining certain specialist groups were identified, eg, linguists, tax inspectors and geologists. It was suggested that where efficiency savings

BM

could be attributed to the work of a particular group of Civil Servants, part of the savings could be dedicated to performance bonuses, eg, where better procurement was achieved. It was agreed that Civil Service pay must do more to reflect market demand for different skills.

A number of other suggestions for improving morale were put forward. At relatively small cost, the Government could improve the working environment, which for many Civil Servants was still very shabby. It was important also that Ministers in their statements and speeches made it clear that they valued the Civil Service and esteemed the people who worked in it.

Summing up the discussion, the Prime Minister said that a number of proposals had been identified and she invited Lord Gowrie and the Treasury to follow them up vigorously.

I am copying this minute to Miss MacNaughton (Lord President's Office), Mrs. Lomax (HM Treasury), Mr. Ricketts (Foreign and Commonwealth Office), Paul Thomas (Lord Gowrie's Office) and Mr. Norgrove (Mr. Hayhoe's Office).

AT

(ANDREW TURNBULL)

23 July 1985

10 DOWNING STREET

Prime Minister

This has not turned out to be an ideal moment for a discussion of Civil Service morale (or perhaps it has).

Afterwards the Foreign Secretary and Sir Robert Armstrong would like a word with you privately.

Then Sir Robert would like a word about my successor.

FERB

22.7.

RESIGNATIONS FROM THE CIVIL SERVICE

	% Asst/Sec	% Principal
1979	0.4	1.0
1980	0.6	0.9
1981	0.7	0.8
1982	0.7	0.8
1983	0.7	0.9
1984	0.7	1.2

PRIME MINISTER

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

You will recall that, in view of Sir Keith Joseph's opposition to extending unified grading to his fringe bodies, you indicated that the fringe bodies as a whole would need to be left out at this stage, and unified grading should be extended only in the Civil Service itself.

Despite your intervention in support of Sir Keith's position, it seems that he has now agreed, following discussions with Treasury and MPO, that unified grading should be extended in the Civil Service, and the fringe bodies individually should be free to decide whether to maintain the link with the Civil Service or not.

Lord Gowrie will be making a Written Statement accordingly before the Recess.

MT

Mark Addison

MARK ADDISON
23 July 1985

EL3AKV

G2SS125

CC NO

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

NBPM

23 July 1985

Dear Gowrie,

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

file with MEA

Thank you for copying to me your letter to Nigel Lawson of 18 July.

As you know, I have recently agreed to fall into line with colleagues who are in favour of introducing this extension of unified grading into the Civil Service, on the understanding that the Science Vote funded bodies (and hence all NDPBs) should be free to decide whether to maintain the link with the Civil Service in this respect.

Subject to one small drafting point, I am therefore content with the course you propose.

In the draft statement, I suggest that the second sentence of the third paragraph should start "The positions of fringe bodies ...", to make it clear beyond peradventure that fringe bodies do not necessarily all have to act in unison.

Copies go to Nigel Lawson and others who received copies of your letter.

Yours,

Keith

Lord Gowrie
Chancellor of the Duchy
of Lancaster
Management 8
Personnel Office
Great George Street
LONDON SW1

CIVIL SERVICE: LongTerm: Pt 17.

M10.31

CONFIDENTIAL

CC NO

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

22 July 1985

The Rt Hon The Earl of Gowrie
Chancellor of the Duchy of Lancaster
Management and Personnel Office
Cabinet Office
Great George Street
LONDON SW1P 3AL

NBPM

Dear Grey

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

You wrote to me on 18 July with the draft text of a statement on the extension of unified grading.

I am content that we should announce our decision but I think we must make clear the position on the Research Councils since they employ a significant number of those in the grades concerned. I believe Keith Joseph is reflecting further on this and you will want to clear the precise form of words you use with him.

I think there would also be advantage in shortening the statement and reducing references to pay to the minimum. We do not want to create the impression, in the immediate wake of the TSRB awards, that we are giving a further group of civil servants a substantial increase in pay. For the same reason, I should prefer the announcement to be postponed until the day before the recess.

I am asking my officials to contact yours with their detailed drafting suggestions.

I have sent copies of this letter to the Prime Minister and other members of the Cabinet, to Sir Robert Armstrong and to Sir Robin Ibbs.

Yours ever
Nigel

NIGEL LAWSON

CIVIL SERVICE: Long Term: Pt 17.

MR OWEN

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

You will by now have seen Lord Gowrie's letter to the Chancellor of 18 July.

It looks, from the draft announcement, as if Lord Gowrie is proposing a piecemeal approach to the fringe bodies. I had expected DES would hotly resist this but it seems they are content. I am not quite sure why, particularly in view of the Prime Minister's own intervention. But we can leave it to them to argue the toss if they wish to.

(MARK ADDISON)

19 July 1985

10

CABINET OFFICE

From the Chancellor of the Duchy of Lancaster

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London SW1

18 July 1985

Dear Chancellor,

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

You will have seen the Prime Minister's views on the proposals I put to you in my letter of 4 July.

There has been much uncertainty about our intentions since I first circulated proposals on the extension of unified grading to Principal level to colleagues on 3 August 1984, and I believe that we should make an early announcement that we propose to go ahead. It would be appropriate to do this by way of a Parliamentary announcement as we did on the occasion of the last extension of unified grading. If you agree, there should still just be enough time to arrange this before the recess. We would need to tell the unions of our decision quickly, and my officials would be in touch with yours about that.

I think a concise statement would best serve our purpose, and would propose to use the text attached. I would be grateful for your views by Monday 22 July so that arrangements can be made for appropriate Questions to be tabled in both Houses.

Copies of this letter go to the Prime Minister, to Cabinet colleagues, to Sir Robert Armstrong and Sir Robin Ibbs.

Yours sincerely

GP Thomas

(Approved by Lord Gowrie and signed in his absence)

pp GOWRIE

DRAFT ANNOUNCEMENT ON EXTENSION OF UNIFIED GRADING TO PRINCIPAL LEVEL

At the beginning of last year a major simplification of the pay and grading structure in the senior management levels of the Civil Service took place with the introduction of unified grading down to the Senior Principal level.

After careful examination, the Government has concluded that it would be right and worthwhile to extend unified grading to the Principal level. This would remove formal demarcations between occupational groups, and make it easier to get the right people into the jobs for which they are best fitted, at a level at which it is particularly important to broaden experience and develop senior management talent.

This further extension of the Open Structure in the Civil Service to a new unified Grade 7 will enable a single pay structure to be created from some 100 currently separate grades, many with different salary scales, containing over 11,000 staff. The position of fringe bodies which normally follow Civil Service practice will again be considered on their merits.

The unions will be fully consulted about the implementation of this change and a good deal of preparatory work will need to be done. The Government hopes, however, that it will be possible to implement this significant further reform by the end of the year. The cost of aligning the pay of the grades concerned, including any transitional arrangements which may be appropriate, will be met from within departments' planned public expenditure provisions.

with compliments

CABINET OFFICE

P D EWINS
PM3

Management and Personnel Office
Great George Street
London SW1P 3AL

Tel: 01-233 3790
GTN 233

FCB

PROMOTION BLOCKAGES - MEASURES

Firstly, it is worth emphasising the need to develop a package of measures capable of flexible application to meet the varying needs of management as well as individuals. We need to be mindful that, even if left unchecked, promotion blockages (at Principal level) will affect different people to different degrees. Some will experience only relatively short delays - say, up to 5 years; others will be delayed by as much as 20 years; some could spend as much as 30 years in the grade and never get promoted. We therefore need an ascending range of measures. We also need to recognise that whatever we do in the future on manpower planning, including greater use of period appointments, promotion blockages will be with us into the next century.

EARLY RETIREMENT

Mr Chilcot has already shown that large-scale early retirement is not a viable solution to the problem, but its selective use can be very effective. Examples are the creation of earlier promotion opportunities for high flyers who are temporarily blocked and might otherwise resign, or to iron out particularly bad years and remove the worst blockages. But it must be remembered that any early retirement scheme only 'brings forward' promotions and does not create new ones.

SLIDE 1 We have already made a good start.

1984 - describe - 99 senior staff retirements; 400 consequential promotions at a cost of £4.3m

1985/86 - describe - 30 additional retirements; a further 100-120 promotions at a cost of about £1.5m

In the longer term, following the Early Retirement Review, responsibility will be delegated to departments so that they can make selective use in ways which fit best within their overall cash limits.

AMELIORATIVE MEASURES

However, we need to look at other measures which can ameliorate the effect of short delays. We already have a range of measures which can help to motivate people delayed for, say, up to 5 years. (Typically, this might be a Principal who would have reached Grade 5 (Assistant Secretary) at 35 and now has to wait until he/she is 40.)

In summary, these measures are:

(a) more delegation of authority and responsibility (especially under FMI), leading to greater challenge and job satisfaction;

(b) merit pay awards (the experiment is already under way);

(c) wider range of challenging postings - eg sending young Principals to run local offices or on secondment to the private sector (it is worth noting that outward movements are on the increase).

But, for longer delays in the grade, these measures alone are inadequate and we need other, perhaps more radical, measures if we are to avoid staleness in our more able individuals.

PERSONAL PROMOTION

One way in which this can be achieved is through personal promotion - something already done in my own area, the Science Group (and I believe favoured by Lord Rayner)

133 in SG
(about 25 annually)

SLIDE 2 Illustrate how it could work, using Principal as example.
(Note especially that posts are not increased)

Advantages

- recognises change in role of Principal jobs;
- less expense than payments to all Principals;
- would help to retain good quality staff.

Disadvantages

- might weaken grading standards, but control of promotion criteria and emphasising the distinction between the post and the individual will avoid the problems;
- could be divisive, but problem is worst at Principal level, and scheme could be extended to HEO level when shortage of good quality SEO posts causes a bottleneck in promotions.

The personal promotions scheme would be on the following lines:

(i) The scheme is introduced as an experiment.

(ii) During this experimental period the scheme should be subject to close control and monitoring by the central departments.

(iii) The criteria for success of the experiment are that it should help alleviate promotion blockages and maintain motivation in the middle ranks of the Service wihtout demotivating those not selected or weakening grading standards. Measurement of this success will be partly through recruitment and retention figures; partly through analysis of departmental reports.

(iv) Central control of the scheme will be effected by controlling numbers participating by means of quotas fixed by MPO.

(v) Criteria for the inclusion of an individual should be laid down by the centre from the outset. These might include:

(a) A box 1 (or 2) for performance in the most recent annual report.

(b) Three successive "fitted" or "well fitted" markings for promotion.

(c) Continued long term potential to rise one or two grades not in doubt.

(vi) Retention of the personal rank would depend on sustained good performance.

(vii) Departments should fund the scheme within existing provision.

would be 500 people

HEO 13144 – 4345
SEO 17489

Grade 6 21834 – ~~505~~
Pri. 17489 4,345

PAY

For the longer term we need to seize the present opportunity offered by your government's desire to see more radical pay reform, introducing greater flexibility for rewards other than promotion. But in the short term we need to introduce one or two immediate measures to motivate and maintain a high level of performance in those whose promotion is likely to be blocked for a very long time or even permanently.

4390 - 37 resignations

The problem is particularly accute at Principal level: need for commitment and initiative; skills are marketable; many remain at Principal for remainder of career.

Performance bonus - already introduced on an experimental basis - could be used. But, exclusive use for promotion blockages would distort the aims of the scheme. It would also reduce the value of the experiment which is designed to provide performance incentives across the grades, and not to deal with the more permanent effects of promotion blockages.

SLIDE 3

Our suggested solution is therefore the award of a special payment of say £1000 to sustained high performance, to those at Principal level who have been on the maximum of their pay scales for several years. This is likely to be paid to about 500 people, although the number might increase as blockages become more and more accute.

(up to £3/4 M annually

FINANCE

Emphasise that costs would be absorbed by departments. Take up of scheme would be voluntary, subject to certain criteria such as control of overall numbers and standards.

Once early retirement costs pass to departments in April 1986, they will be able to make a choice of a combination of measures which, on their judgement, gives best value for money.

SUMMARY - SLIDE 4

PUBLICATION

Finally, if you agree that a package should be introduced, it would be most beneficial to make it widely known for two main reasons [both of which would boost morale]. First, rumours have exaggerated the fall in promotion prospects and we could put the record straight. Second, we would be seen to have a range of measures available to attack the worst problems as and when they arise.

MANAGEMENT IN CONFIDENCE

SUBJECT
cc Master

File X6

CO3AHF

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

The Prime Minister held a meeting yesterday at which Mr. John Chilcot and Mr. Peter Ewins made a presentation on the problem of promotion blockages in the Civil Service, which was the subject of your minute of 12 July (A085/1893).

The Chancellor of the Duchy of Lancaster, the Minister of State, Treasury (Mr. Hayhoe), you and Mr. Kemp (Treasury) were present.

The Prime Minister said at the conclusion of the presentation and a short discussion that she was content for the MPO to work up with the Treasury proposals for a personal promotion scheme and additional payments for sustained high performance. She agreed that Departments should be required to fund personal promotions within existing provisions, but she hoped that they would not be bound too rigidly by a ration which would be likely to have the effect that the ration was taken up in each Department without reflecting relative merit. The Prime Minister also said that she believed that there was scope for the application to Central Government of methods like those applied by the Audit Commission to Local Government in comparing the cost of activities across Departments. She was prepared to see more flexibility in pay and promotion arrangements, but believed that more attention should be paid to controlling running costs and at the very least ensuring that they did not rise faster than inflation.

/I am

I am copying this minute to Mrs. Lomax (H.M. Treasury), Mr. Thomas (Office of the Chancellor of the Duchy of Lancaster), Mr. Norgrove (Mr. Hayhoe's Office) and to Sir Robin Ibbs.

FERS

16 July 1985

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

JU827

Secretary of State for Trade and Industry

15 July 1985

MANAGEMENT IN CONFIDENCE

Ian Gow Esq MP
Minister for Housing & Construction
Department of the Environment
2 Marsham Street
London SW1P 3EB

NBPM

COMPULSORY REDUNDANCY: PSA DIRECTLY EMPLOYED LABOUR IN CIVIL BUILDINGS

Dear Ian,

Thank you for sending me a copy of your letter of 10 June to Grey Gowrie, about the PSA's directly employed labour force (DEL).

I have seen the subsequent correspondence, including the Prime Minister's request that further thought should be given to other options.

I believe that it is important for Departments to assume Property Repayment System (PRS) responsibilities for their buildings and I hope it will be possible to overcome the DEL problem in a much shorter time-scale than that envisaged through natural wastage.

One of the options suggested in Grey Gowrie's letter emerged from the Accommodation Review carried out in my Department. This leads me to suggest that the question of how best to achieve this particular objective might be considered by the enlarged Inter-Departmental Committee as part of the general Review follow-up to the PRS related recommendations.

I am copying this letter to members of the Cabinet and to Sir Robert Armstrong.

Yours ever,

Norman

NORMAN TEBBIT

Ref. A085/1893

PRIME MINISTER

Promotion Blockages

On several occasions in the past year or so you have expressed concern to both the Chancellor of the Duchy of Lancaster and me at the impact of declining promotion prospects on able young staff in junior grades. Your view has been that, while the Government has quite rightly reduced the size of the Civil Service, that makes it if anything the more important to do everything possible to ensure that talent is rewarded.

2. In November last year the Chancellor of the Duchy put to you a package of remedial measures which had been worked up in consultation with employing Departments. In your response, you queried whether they represented a sufficiently vigorous response to the problem and whether there was not scope for a more immediate package of proposals to tackle the worst existing areas.

3. A meeting has been arranged for the afternoon of Monday 15 July to hear a presentation by MPO officials which will contain an analysis of the problem and an outline of the wider and quicker-acting package of possible measures we have now identified.

4. The attached paper by MPO officials, which has been agreed with the Treasury, contains an analysis of the problem, a summary of the measures that were put to you in November and a description of the new measures we now propose.

5. In considering remedial measures, the objective should not be to restore promotion prospects to recent levels; there is simply no "right" level. It should rather be to take such steps as are necessary to bring on talented staff so that we can fill

senior posts with the right people, discourage people whom we should prefer to keep in the Service from leaving in frustration at lack of career progress, and avoid demotivating other staff with less high expectations who are nevertheless crucial to the efficient operation of the Government.

6. The measures put forward to you in November looked at the problem across the whole front of personnel activity, and contained a number of worthwhile ideas which I hope you will agree we should pursue. They are summarised in paragraph 6 of the attached note. But, with the exception of the Special Early Retirement Scheme (which was a success last year and is being continued on a smaller scale this year), they would mainly be effective in the medium term. In our further look at the problem we have therefore developed two new measures which could be introduced forthwith and have immediate effect. These are a personal promotion scheme and a special long-service payment.

Personal Promotion

7. A personal promotion scheme involves giving an individual the pay and personal rank of a higher grade while he or she continues to occupy a post of a lower grade. This is an idea in which Lord Rayner has seen attractions. It is not a new concept - it is in use in the Science Group to reward particular contributions in the research field, and has been used on occasion within your own and other Private Offices - but its use is not widespread throughout the Service. A special scheme which encouraged its wider use would have much to commend it. To prevent any weakening of grading standards it would need close central control and monitoring. It would also be sensible to give it only experimental status initially. Departments would be required to fund it through absorption within existing provisions. The concept and the scheme we envisage is set out in detail in the attached paper, and will be amplified in the presentation.

Special Increment

8. The other new measure is designed to provide a reward for sustained high performance for those who will spend very long periods in a grade. In the course of that period they will reach the maximum of their salary scale and thereafter cease to benefit from pay progression. Previously their reward for sustained high performance would have been promotion, but abler staff will now squeeze them out of this opportunity. The opportunity to earn a long-service payment would be a useful "carrot" and reward for good performance. Such a payment could be made if both length of service in the grade (say 12 years) and performance criteria were satisfied. A payment of this sort of £1,000 would cost about £0.5-£2.5 million a year if about a third of those eligible on length of service also qualified on performance grounds.

The Presentation

9. The presentation will give you an opportunity to consider these ideas further and to question us about them. If the package being proposed meets with your approval the MPO, in consultation with the Treasury, will work it up and implement it quickly.

10. Finally, if you agree to proceed with the package, I think it would be useful to produce a report, which would be made available to staff, summarising the problem and the counter-measures proposed. It is clear that the rumours about the extent of the fall in prospects exaggerate the reality, and this should be set straight as we point up the counter-measures being taken.

11. I am sending copies of this minute to the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster and the Minister of State, Treasury.

R

Approved by
ROBERT ARMSTRONG
and signed in his absence

12 July 1985

CONFIDENTIAL

JULY 1985

PROMOTION BLOCKAGES

Note by the Cabinet Office (MPO)

Background

1. For several years now projections have shown a marked and worsening decline in promotion prospects over the next 10-15 years. The principal causes of this are twofold: the sharp reduction in posts, particularly at Grade 5 and above, since the late 1970s; and the large numbers of young staff (an increasing proportion of whom have been graduates) recruited earlier in anticipation of continued expansion.

2. Lean periods of promotion have been experienced before, most recently in the late 1950s - early 1960s, but the fall on this occasion is expected to be more severe. Although, like all forecasts, this projection is entirely dependent on the assumptions made, testing for sensitivity to changes in those assumptions - for example, renewed expansion in posts, or a draconian severance policy - show that there is no single credible change in circumstances or policies which will restore promotion prospects to historic levels.

3. The Civil Service is not unique in experiencing a fall in promotion prospects; the sudden onset of the recession after a period of expansion left many private sector firms (as well as other public services) in a similar position. Where the Civil Service differs from the private sector, is in the fact that promotion has traditionally been virtually the sole reward for sustained high performance. Although this monopoly of reward has now been partly diminished by the experimental merit bonus scheme, it still remains the main motivator for the vast majority of staff and a major fall in the numbers of promotions therefore needs to be taken seriously because of the potential consequences for morale, motivation and performance.

4. The position is complicated by the fact that the blockages are not uniform across departments or through the grading structure and indeed while there are blockages at some levels there are also areas where there is an acute shortage of quality staff. The classic example of this phenomenon occurs at Principal level. The Principal to Grade 5/6 promotion level is the one where the most acute blockages are developing. Yet despite the growing pool of promotable Principals held back by the blockage there is a continuing shortage of high quality Principals to meet the needs at that level. This constrains the options that can be taken. The most logical solution to the Principal blockage, for example, would be to encourage the blocked Principals to leave but this would make no sense given the current shortage.

Our Objective

5. It should not be the objective to restore promotion prospects to historic levels - there is no right level of promotion prospects - but rather to ensure that the projected fall in prospects is not so great as to:

(i) drive out of the Civil Service those highly talented individuals whom we need eventually to succeed to senior posts; or

(ii) to demotivate other staff with less high expectations who see already slender prospects of promotion being further reduced or even eliminated, or

(iii) to defer promotions for so long that those who are held back but eventually promoted have become stale or are insufficiently developed for higher responsibility.

The November 1984 Package

6. Against this background, the proposals put to the Prime Minister in November 1984 contained a wide-ranging package of measures which could be developed and activated as needed as blockages emerged over the next decade. This included: further use of selective early retirement to bring forward promotion vacancies; more use of over-bearing; utilising other personnel initiatives to give assistance in the promotion blockages field - for example, the performance bonus scheme (to provide alternative incentives), the delegations flowing from the FMI (to improve job quality and job satisfaction) and the changes in the appraisal system (to shift emphasis away from an over-concentration on promotability). Measures were also proposed to loosen-up the promotion system by removing or reducing seniority fields and to improve the identification and development of able staff to ensure that the smaller number of promotions went to the right people. In the longer term further work was proposed on extending severance measures to include younger staff and on encouraging more voluntary movement in and out of the Service. This would involve a more flexible recruitment policy so that recruitment took place across a wider span of grades, with more frequent use made of period appointments, and also developing the idea of a limited life return ticket whereby selected individuals might resign from the Service but have a guaranteed right to return which lasted a 5 year period.

7. It is true that the bulk of this package is focussed on the medium term rather than the immediate future. The main quick and visible remedy in it is a wider use of early retirement and it would be possible to meet the Prime Minister's remit for more vigorous and immediate action simply by proposing an expanded use of that. However, early retirement is very expensive and while useful and effective in dealing with short term blockages and when used selectively to bring on exceptionally able staff, it is much less effective when used on a wide scale in an attempt to cure a deep seated and long term blockage. We have therefore looked at other means of fulfilling the Prime Minister's remit.

Personal Promotion

8. One of the most promising means of doing so would be to make an expanded use of personal promotions whereby an individual is given the personal rank of the grade above while continuing in his present rank in recognition of the exceptional contribution made to the work he does. Personal promotions are permissible under current grading rules, with the approval of the MPO, and are widely used in some specialist groups, most notably the Science Group, where the personal contribution an individual can bring to a job - e.g.in research- is more easily identifiable, but they are rare in the Administration Group and other areas. It would be possible

to build on this use by developing special schemes aimed at the worst blocked areas - for example, at Principal and HEO levels. This would give focus to the use of personal promotions and enable better control, just as the Individual Merit Promotion scheme is used to give effect to personal promotions in the Science Group.

9. Such a scheme would be relatively easy to construct and, using the Principal grade as an example, might work as follows. A department would be given authority to give selected individuals at Principal level the personal rank and pay of Grade 6 even though they continued to occupy a Principal level post. Such a promotion would attach to the individual and not the post, which might subsequently be filled by an ordinary Principal or equivalent. Although earned through exceptional performance in one job, the personal rank could be carried into another job, but it would be essential that its continued possession was subject to sustained high performance and annual review. Personal rank could be made substantive by a subsequent Grade 6 board in the normal course of events or overtaken by subsequent promotion to Grade 5. It would in effect enable a department to anticipate a promotion to reward particular individuals whose medium term progression was being held back by a shortage of vacancies but whose continuing high potential was not in doubt. The cost of a personal promotion would be the difference between the salary paid to the individual by virtue of the personal rank and that which would have been paid if he had remained in his original grade. It will therefore vary between individuals and over time. As an illustration, however, the personal promotion of a Principal who was on the maximum of his scale (£18,363 per annum) would cost some £2000 in the first year rising to about £5000 in the third year and continue at that level until a substantive promotion was made.

10. A personal promotion scheme at Principal level would have a number of advantages. It is clear that the distribution of manpower reductions and more complex work have affected the role of many Principal jobs. This is demonstrated not only by the recent growth in the size of the grade but also by the continuing demand for large numbers of high quality Principals. Such a change cannot be recognised by revising the pay level of the whole grade because it is not uniform across it,because of the expense and because it would cause difficulties in relativities between grades: a personal promotion scheme would overcome this problem. It would also be an effective measure to help counter further losses of good quality staff like those which occurred at this level in the last year.

11. The principal disadvantages of such a scheme are the potential it has for weakening grading standards and its possible divisiveness, particularly if confined to only one level. As far as the former objection is concerned we believe it can be countered by keeping a close control on criteria and numbers and by emphasising the distinction between the personal rank of the individual and the grading of the post, which will continue to be determined according to job weight criteria. It will be a means of recognising high performance by enhanced pay and status and not a means of raising the level at which work is done or adding to the chain of command. As far as the second objection is concerned, it is at the Principal level where the blockages are at their most severe and it would be possible to justify confining the scheme (at least initially) to this level only on this ground but to indicate the possible extension of the scheme to lower levels at a later date. Alternatively, it would be possible to bring in another promotion level from the beginning. The most obvious candidate for

this extension would be HEO level where the greatly reduced number of SEO posts in HQ areas has created a bottleneck. Although cash constraints would almost certainly mean that a smaller number of personal promotions at Principal level would be made as a result, we believe this would present a better balanced package.

12. We therefore recommend that a personal promotion scheme permitting personal promotions from Principal to Grade 6 and from HEO to SEO (and their specialist equivalents) is introduced forthwith. Details will need to be worked up with Treasury and employing departments but the broad outline of the scheme we propose is as follows

(i) The scheme is introduced as an experiment.

(ii) During this experimental period the scheme should be subject to close control and monitoring by the central departments.

(iii) The criteria for success of the experiment are that it should help alleviate promotion blockages and maintain motivation in the middle ranks of the Service without demotivating those not selected or weakening grading standards. Measurement of this success will be partly through recruitment and retention figures; partly through analysis of departmental reports.

(iv) Central control of the scheme will be effected by controlling numbers participating by means of quotas fixed by MPO.

(v) Criteria for the inclusion of an individual should be laid down by the centre from the outset. These might include:

(a) A box 1 (or 2) for performance in the most recent annual report.

(b) Three successive "fitted" or "well fitted" markings for promotion.

(c) Continued long term potential to rise one or two grades not in doubt.

(vi) Retention of the personal rank would depend on sustained good performance.

(vii) Departments should fund the scheme within existing provision.

Pay

13. The other area in which action might be taken in response to the Prime Minister's remit is in the field of pay. The current state of flux in the pay system and the objective of establishing a more stable long term set of arrangements provides an opportunity to ensure that the new pay system reflects the need to offer rewards other than promotion. It would, however, involve a difficult transition from our present position and could not be seen as an immediate measure; it may be necessary therefore to explore the possibility of some interim step that might be taken more quickly. The number of people who remain blocked in a grade long after their incremental progression ceases will increase as opportunities diminish. Without career or pay progression, and therefore without the feeling of recognition or

advancement, there is a risk that motivation and performance will suffer. The danger is worst at Principal level where the necessary element of personal commitment and initiative is high, where the individual has the experience and record of achievement to be marketable but is still of an age to develop an alternative career, and where blockages will hit hard. In particular, one group of Principals will be badly affected, namely those Principals (or equivalents) who do their job particularly well but are squeezed out of promotion by the most able taking a higher proportion of senior posts. For many talented people, Principal would become a career ceiling, reached comparatively early, but not to be improved upon. Others might progress a grade, but have to wait years to achieve this. Personal promotions, as indicated above, would help alleviate the sort of delay in promotion, short but unaccustomed, which the most able will suffer. But to retain and motivate the middle management talent upon which much of the day to day work of the Service depends, it is arguable that something needs also to be done to compensate those who continue to give a sustained high performance which in normal circumstances would have been rewarded by promotion.

14. It could be argued that the performance bonus scheme introduced for an experimental period can be used for this purpose. However to do so exclusively would distort the purpose and aims of the scheme and reduce the value of the experiment which is designed to provide a performance incentive accross the grades involved and not just for those held back from promotion.

15. One way of achieving our objective in paragraph 13 in addition to and distinct from the performance bonus scheme might be to award a special payment for sustained high performance which had continued for some time after the ordinary scale maximum has been reached (which usually takes less than 8 years). If a special payment of £1000 was awarded to those who had both served in the grade for at least 12 years and who were continuing to sustain a high level of performance, and if we assume that this would involve about a third (500) of those at Principal and equivalent level who had served for that length of time, the cost this year would have been £½m. The cost will increase with the severity of the blockages (which are unevenly distributed between specialisms) but is not expected to rise above about £¾m by the mid 1990s. Again departments would be expected to absorb costs within existing provision.

Financing

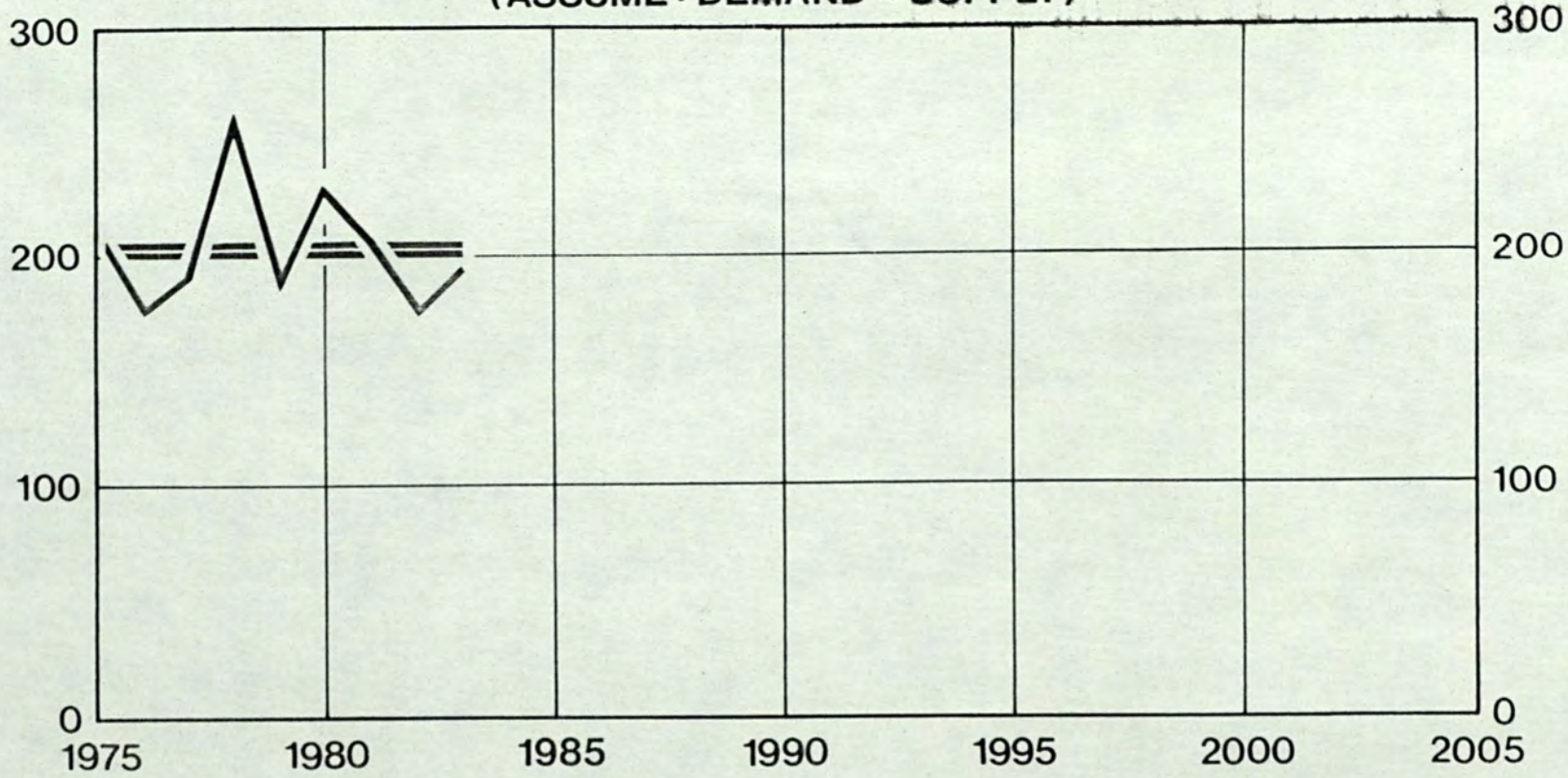
16. If one or other or both of the schemes described in paragraphs 12 and 15 above is adopted, then as previously indicated, Departments should absorb the costs within their existing provisions and running cost limits. Take up of the scheme by Departments would be voluntary, subject to the quotas and criteria above; having to absorb the costs would emphasise the need to Departments to consider their priorities. When from 1 April 1986 costs of early retirement are also placed on Departmental budgets, they will thus be able to take their choice from a range of measures according to their judgement of relative value for money. However the costs of both the personal promotion and special long-service payment schemes would not score within any constraints on overall annual pay bill increases for the Civil Service which might emerge from the talks on a new pay agreement now beginning. To seek to include such costs within the constraints would not be helpful either to the schemes themselves or to the talks now beginning. But in the longer-term , of course, any restructuring of a more permanent

nature should be on a nil additional cost basis, within the total pay bill as it would otherwise stand from time to time.

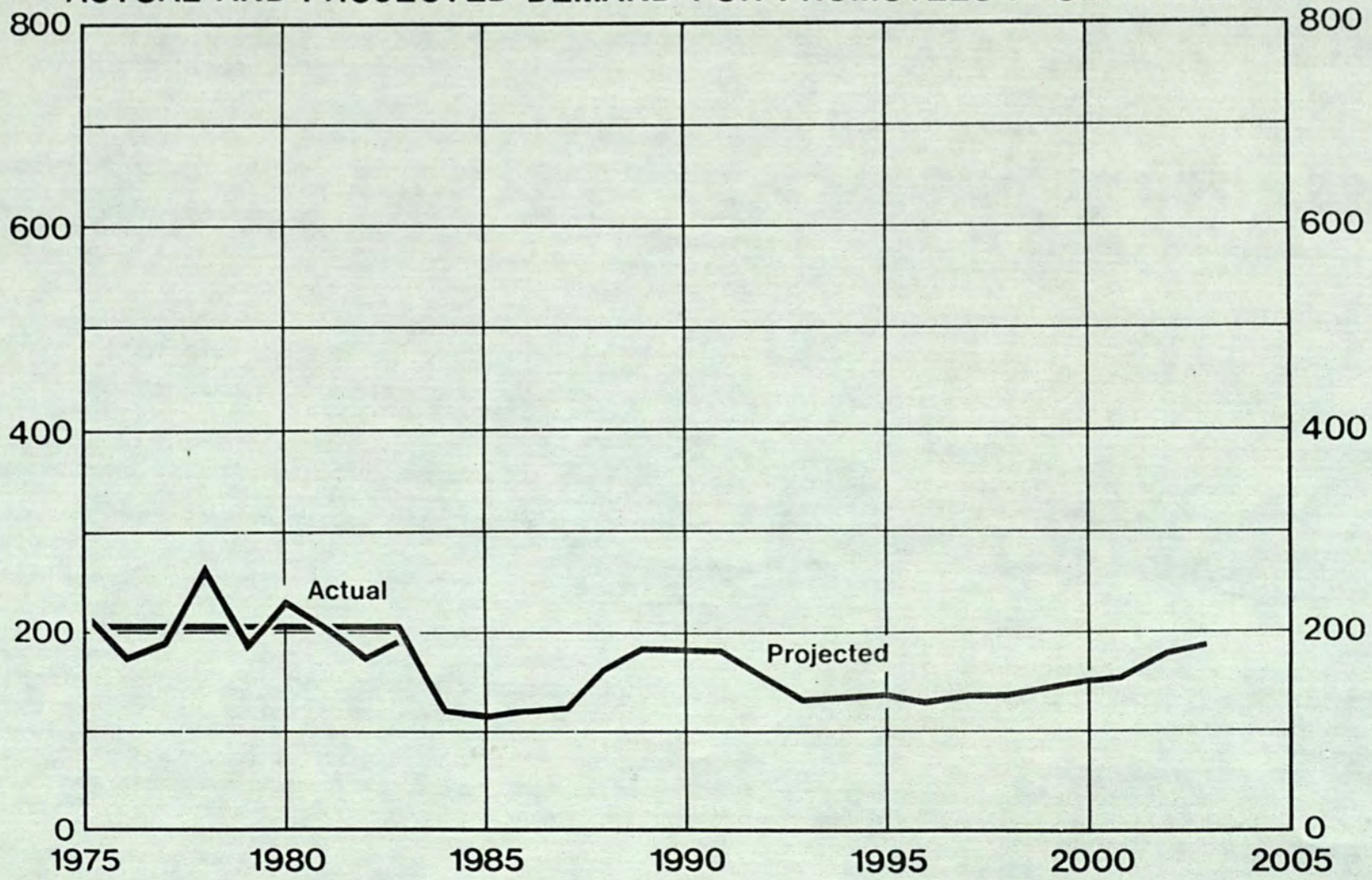
Cabinet Office (MPO)
JULY 1985

MJE/BJ

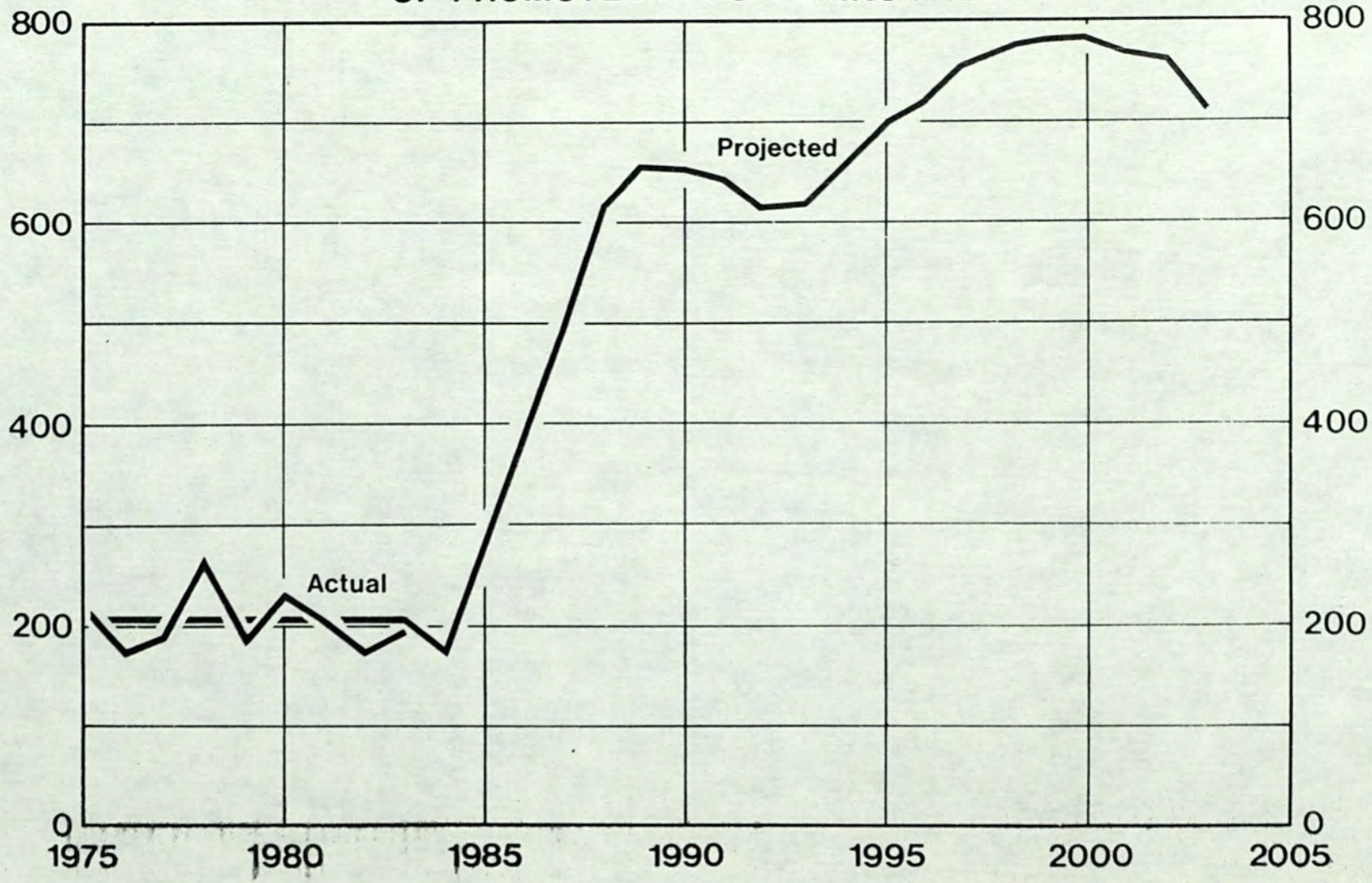
ANNUAL AVERAGE PROMOTIONS FROM PRINCIPAL 1975–83
(ASSUME: DEMAND = SUPPLY)

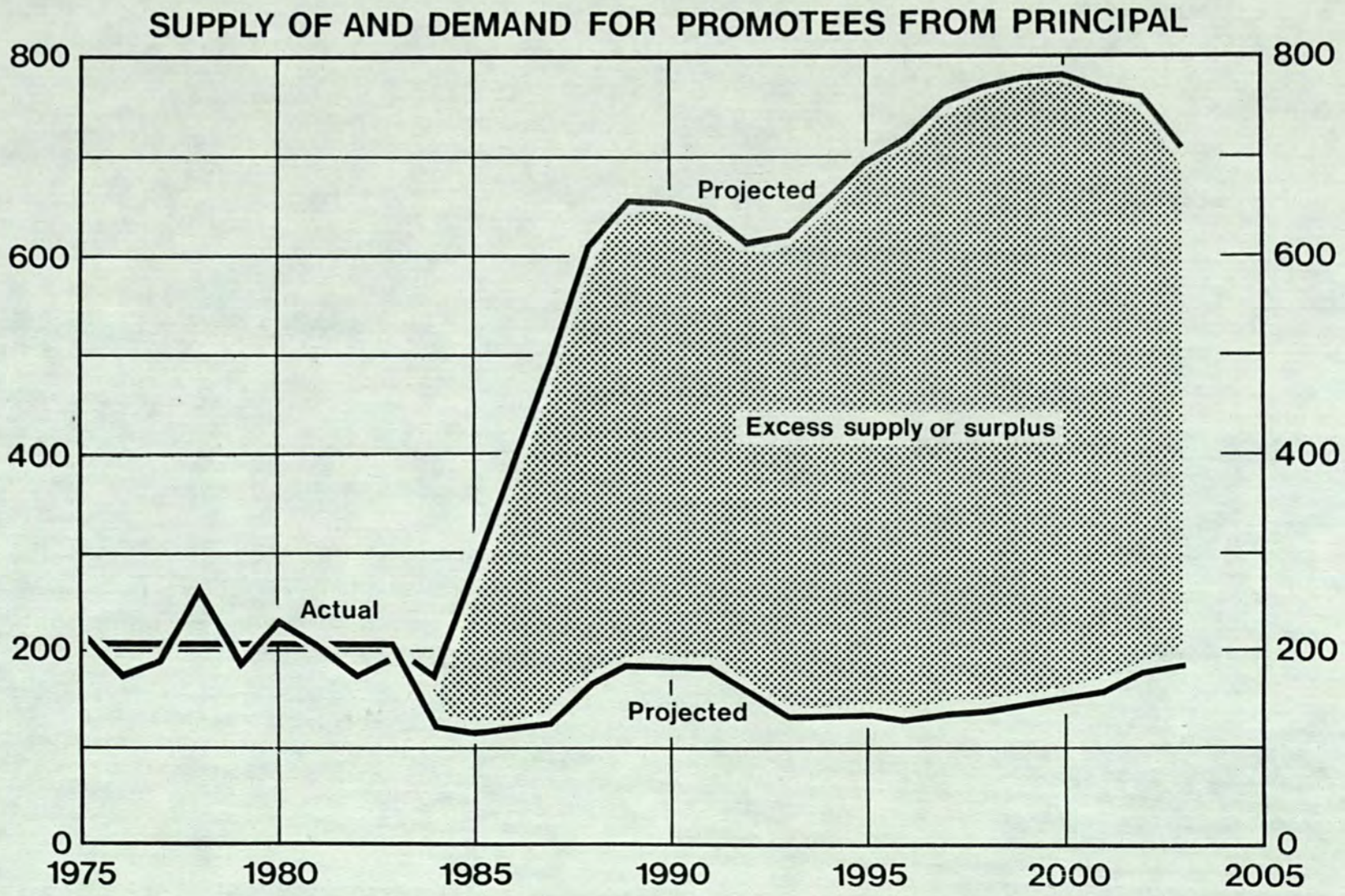


ACTUAL AND PROJECTED DEMAND FOR PROMOTEES FROM PRINCIPAL

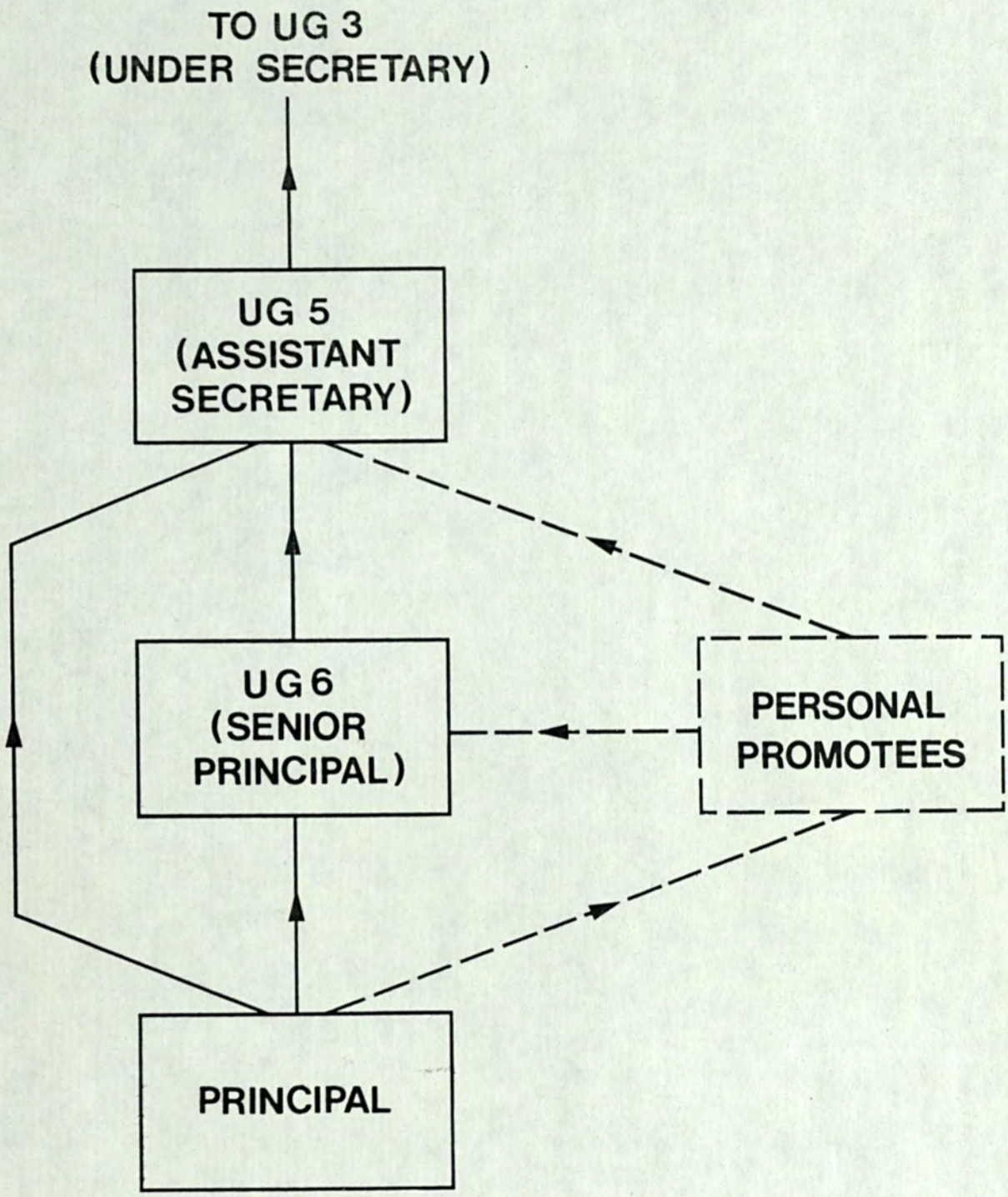


ACTUAL AND PROJECTED POTENTIAL SUPPLY OF PROMOTEES FROM PRINCIPAL




SUPPLY OF AND DEMAND FOR PROMOTEES FROM PRINCIPAL
800
600
400
200
0
1975
1980
1985
1990
1995
2000
2005
Projected
Excess supply or surplus
Actual
Projected

PERSONAL PROMOTION TO GRADE 6



SPECIAL EARLY RETIREMENT (SER) SCHEME

1984

SER resulted in

- 99 senior staff retirements
- almost 400 consequential promotions down to recruitment levels at a cost of about £4.3 million

1985/86

Scheme is being extended, with provision for

- about 30 additional retirements
- a further 100 – 120 promotions at a cost of about £1.5 million

THE LONGER TERM – RETIREMENT REVIEW

PRINCIPAL PAY – SUSTAINED HIGH PERFORMANCE PAYMENT

Existing pay scale with increments usually annual	Additional payment for sustained high performance
	9. 19400
8. 18400	8. 18400
7. 17200	7. 17200
6. 16400	6. 16400
5. 15800	5. 15800
4. 15200	4. 15200
3. 14600	3. 14600
2. 14000	2. 14000
1. 13500	1. 13500

PROPOSED PACKAGE

1. SELECTIVE USE OF EARLY RETIREMENT

2. AMELIORATIVE MEASURES

   – more delegation, more freedom of action, more responsibility

   – merit pay

   – wider type of postings, secondment etc.

3. SHORT TERM PAY MEASURE – ADDITIONAL PAYMENT FOR SUSTAINED HIGH PERFORMANCE

4. PERSONAL PROMOTION

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

15 July 1985

Dear Paul

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

The Prime Minister has seen the correspondence on this matter, which rests at present with Lord Gowrie's letter to the Chacnellor of 4 July.

The Prime Minister has commented that in view of Sir Keith's opposition to the extension of unified grading to the fringe bodies for which he has responsibility, it would be best to proceed by going ahead now with the proposal for the Civil Service but not for the fringe bodies.

I am sending copies of this letter to Rachel Lomax (HM Treasury), Rob Smith (Department of Education and Science) and Richard Hatfield (Cabinet Office).

Yours ever

Mark Addison

(MARK ADDISON)

Paul Thomas, Esq.,
Chancellor of the Duchy of Lancaster's Office.

CONFIDENTIAL

In view of K.J's opposition — we must leave out the fringe bodies & just go ahead with the Civil Service no

PRIME MINISTER

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

You will recall that Sir Keith Joseph has been holding out against Lord Gowrie's proposal to extend unified grading across the Civil Service as a whole to Principal level. Every other Department with an interest is content to proceed with this.

The proposal was first mooted last July, and its implementation has been delayed since then on account of Sir Keith's concern that the costs to the Research Councils will lead to redundancies, or to the rejection of research proposals they could otherwise accept.

The most important items in this correspondence are attached at Flag A. Policy Unit advice is at Flag B, and suggests that this issue must not be allowed to drag on, with Sir Keith holding up a sensible reform which will have pay-offs across Whitehall as a whole.

Lord Gowrie believes everything possible has been done to accommodate Sir Keith. His latest proposal is that the extension of unified grading should go ahead within the Civil Service, and that the fringe body issues should be handled separately. It seems likely, if this is accepted, that Sir Keith will quickly come under pressure to include his own fringe bodies in the new arrangements, and that he will accordingly continue to resist. You will see he has strong feelings on this.

You do not I think need to get involved in the detail of this, but a general steer from you at this stage, of the kind suggested by the Policy Unit, may be the only way to

get over the impasse.

Content that I should circulate a note saying that:

(i) you have seen the protracted correspondence;

(ii) you agree there is merit in further simplifying the grade structure in the Civil Service; and

(iii) you hope DES will feel able to join other Departments in extending the arrangements to their fringe bodies?

Mark Addison

(Mark Addison)

11 July 1985

MR ADDISON 10 July 1985

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

We do not think that DES objections should be allowed to delay this any longer. There is not, as far as we can ascertain, anything peculiar to the DES fringe bodies which justifies the DES objections. We suspect that there is nothing more than institutional inertia and a desire to obfuscate pay differentials underlying these. The Treasury are confident that the extension can assist in pay negotiations, as well as allowing greater mobility within the Civil Service.

It is not clear whether Lord Gowrie proposes to leave fringe bodies to be decided by Departments as they wish. We can see merit in a consistent approach across the Civil Service.

The Prime Minister might either have a quiet word with Keith Joseph, or a Private Office note should say that the Prime Minister has seen this protracted correspondence, sees the merit in simplifying the grade structure in the Civil Service, and hopes that the DES will feel able to extend these arrangements to their fringe bodies, along with all the other Departments.

Nicholas Owen

NICHOLAS OWEN

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Mark Addison

MANAGEMENT - IN CONFIDENCE

Ian Gow Esq MP
Minister for Housing and Construction
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

10 July 1985

Dear Ian,

COMPULSORY REDUNDANCY: PSA DIRECTLY EMPLOYED LABOUR (DEL) BUILDINGS

I have seen your letter of 10 June to Grey Gowrie and his reply of 27 June. No doubt you will be considering further in the light of the letter of 2 July from the Prime Minister.

I offer for the moment a comment in respect of the buildings you earmark for the attention of your DEL - of which we have at present twenty. Our experience is that the procedures you apply cause some delay: and we are always puzzled when the response to our requests for minor works to be done on these buildings comes - as it always seems to do - from a private contractor. The system is less than ideal, in that the actual minor maintenance costs of these buildings are unknown to us; and the system is administratively untidy. We can in practice continue to live with these arrangements without too much difficulty, but I hope you will think further about the need for the DEL status.

I am copying this letter to Grey Gowrie, other Cabinet colleagues and to Sir Robert Armstrong.

Yours ever,

George

BM.

MR. OWEN

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

I spoke to Lord Gowrie's office, following our discussion last Friday.

They confirmed that there were other departments with responsibilities for fringe bodies, but pointed out that DES remained the only department opposed to the change. MOD, DOE, NIO, DTI, FCO, DTP and DHSS had already expressed enthusiasm for the extention of unified grading and had not sought to protect their fringe bodies from it. The proposal for extension was in fact circulated to all Cabinet Ministers in August last year. I understand from Lord Gowrie's Office that the Welsh Office and Scottish Office are keen about the change in principle, though they have some worries about the timing.

Lord Gowrie's Office think this issue has dragged on long enough, and that everything possible has been done to accommodate DES's wishes. They do not believe implementation of the proposal generrally should be any further delayed.

(Mark Addison)
9 July 1985

A

CABINET OFFICE

From the Chancellor of the Duchy of Lancaster
Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street,
LONDON SW1

4 July 1985

Dear Nigel,

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

With the Prime Minister's agreement, I put forward proposals on 3 August last year for the unification of grades at Principal level in the Civil Service. You know that most colleagues, especially those who are major employers of scientific, professional and administrative staff supported the reform, but Keith Joseph saw difficulties in relation to the staff outside the Civil Service in the Research Councils and British Museum (Natural History).

We have examined this further, but Keith remains unable to agree, in view of the cost to the Science Budget, that these changes would be worth having in the Research Councils and BM(NH). He is nevertheless anxious to retain a pay linkage with Civil Service staff.

I believe that, with due consideration of cost, we must press forward with reforms which will help to improve the quality of management and the efficiency of the Service. We do of course need to consider whether they represent value for money. But that must essentially be a matter for the type of judgement our colleagues made before agreeing, as they have in this case, to meet the costs from within their existing provisions. The benefits which accrue from most personnel management and structural developments of this kind are not normally sufficiently tangible to measure precisely against cost.

Whatever the position in the Research Councils, I am confident that this reform can make an important contribution to our overall aims for the Civil Service. It has been accepted that no additional money will be made available, and I think it would be wrong now to deny ourselves the opportunities and advantages which would flow from disposing of the multitude (there are about 100) of different grades at this level of the Service. I understand that your officials can provide suitably economical pay assimilation arrangements for this purpose.

While I recognise that Keith Joseph sees difficulty in this, I think the right course in all the circumstances would be to go ahead with our plans for the Civil Service and handle the fringe body issues separately as we did with the unification of Grades 4, 5 and 6. I would therefore propose, with your agreement, to announce that we shall aim to take this further step in reforming the Civil Service next year on pay assimilation arangements to be negotiated between the Treasury and the unions concerned. Such an announcement would itself bring about an improvement in the morale of the specialists at this level, among whom there are some specific and quite acute difficulties of retention and motivation. I would expect this to be helpful in the context of the pay measures which I understand the Treasury have under consideration. The cases of fringe bodies would have to be dealt with on their individual merits. Some would no doubt again decide not to follow us, in which case I understand that their pay linkages could still be retained but at an adjusted level.

I am copying this letter to the Prime Minister, Sir Keith Joseph and to Sir Robert Armstrong.

Yours,
Greg

GOWRIE

CIVIL SERVICE L-T PAT

RM.

10 DOWNING STREET

From the Private Secretary

2 July, 1985

Dear Neil

COMPULSORY REDUNDANCY: PSA DIRECTLY EMPLOYED LABOUR (DEL) IN CIVIL BUILDINGS

The Prime Minister has seen your Minister's letter of 10 June to Lord Gowrie, and the subsequent correspondence, including Lord Gowrie's reply of 27 June.

She appreciates the reasons for wishing to press ahead with the implementation of PRS. But she has noted that the proposal to make the 700 PSA employees compulsorily redundant involves the Government going back on its word that PRS would not require acceleration of the rundown of directly employed labour. She does not believe it would be right to go back on this promise when it is not clear there are any new factors which could be adduced as justifying a change of course. Furthermore, she is not convinced the benefits of the proposal would be worth the rumpus it would cause if there were to be industrial action at the Houses of Parliament.

She has therefore asked that further thought should be given to the kind of alternative options mentioned in Lord Gowrie's letter of 27 June.

I am sending a copy of this letter to the Private Secretaries to Members of Cabinet and to Richard Hatfield (Cabinet Office).

Yours ever

Mark Addison

(Mark Addison)

N. Kingham, Esq.,
Office of the Minister for Housing
and Construction.

PRIME MINISTER

PSA COMPULSORY REDUNDANCY

The letter from Ian Gow to Lord Gowrie (Flag A) sets out his proposal to make 1300 PSA employees compulsorily redundant. He envisages that the first 600 of these should not cause any serious industrial problems. He accepts that the next 700 may. Subsequent correspondence is attached at Flag B, and Lord Gowrie's reply at Flag C.

In principle, it seems right that, where the situation demands it, compulsory redundancy should not be ducked. But Policy Unit advice at Flag D that this is the wrong occasion to adopt it seems convincing. First, the Government gave its word that PRS would not require acceleration of the rundown of directly employed labour. It is not clear that there any new factors which could be adduced as justifying a change of course. Secondly, there is the risk of industrial action at the Houses of Parliament.

None of the Ministers who have so far commented on the proposal have come out against it. But their letters have been carefully worded. In particular, Lord Gowrie's letter identifies a number of alternative options which might cause less trouble than Ian Gow's full-blooded proposal.

Do you wish to intervene along the lines suggested by the Policy Unit, indicating that you are not convinced the Gow proposal is worth the rumpus it would cause, and that further thought should be given to the kind of alternative options mentioned by Lord Gowrie?

Yes - we cannot go back on past promises

Martin Sawer

pp. MEA

1 July, 1985.

MR ADDISON 1 July 1985

PSA: COMPULSORY REDUNDANCY

Ian Gow wants to make 700 PSA employees compulsorily redundant, in order to speed up the contracting-out of minor repair works in Government Departments. This has all the marks of an unnecessary public relations disaster.

Lord Gowrie, the Treasury and the Home Office have all approved the plan. But none of them have pointed out that it directly reneges on explicit assurances made by the Government. On 23 February 1982, the PSA wrote to its trade union representatives, stating that the new Property Repayment Service, which gives departments the right to use outside contractors for small repairs, would "operate within the present policy of allowing the Directly Employed Labour to reduce further by natural wastage". This assurance was repeated verbatim, on 22 November 1983, when the rules of the Property Repayment Service were altered.

We understand that the unions are not yet even aware of the possibility that there may be compulsory redundancies. If policy is suddenly reversed, contrary to the previous assurances, they will feel - with some justice - that they have been badly treated. There will almost certainly be a considerable row; PSA employees in the House of Commons and elsewhere may well take industrial 'action'. No doubt, some people will try to connect the episode (however unfairly) with GCHQ.

There is no need to cause all this fuss. PSA's Directly Employed labour force has been brought down by 41% since 1979 by means of natural wastage and voluntary redundancy, and the average costs of voluntary redundancy have been held down to £4,000 per person during the last 18 months. If the offer were made a little more attractive - with the average

raised to, say, £5,000 per person - most of the 700 excess workers might well be induced to leave the PSA without the Government having to break its word. The cost would be no greater than with the compulsory scheme, since PSA would not have to pay people substantial sums 'in lieu of notice', as they would do under a compulsory arrangement.

But even if compulsion did bring advantages in the civilian departments, these would be more than offset by the damage done to the introduction of contracting-out arrangements in defence establishments: for the sake of a little extra speed in re-organising a few remaining civilian establishments, an important method of achieving greater efficiency in the huge MoD apparatus would be put in jeopardy.

We recommend that Ian Gow's proposal should be dropped.

OLIVER LETWIN

CABINET OFFICE

From the Chancellor of the Duchy of Lancaster

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

Ian Gow Esq MP
Minister for Housing and Construction
Department of the Environment
2 Marsham Street
LONDON SW1P 3EB

27 June 1985

Dear Ian,

COMPULSORY REDUNDANCY: PSA DIRECTLY EMPLOYED LABOUR (DEL) IN CIVIL BUILDINGS

Thank you for your letter of 10 June.

I am glad you are looking at ways in which imbalances in the DEL workforce can be corrected. It seems to me quite wrong that we should keep on 600 industrial staff when there is no real work for them to do. I am encouraged by your view that, by linking your proposal to the original policy, you can implement it without serious industrial relations problems.

As regards the further reduction of 700 needed to enable all civil buildings to be brought into the PRS scheme, I would strongly encourage you to go ahead with measures to achieve this. I know many colleagues feel strongly that they could get better value for money if they had freedom to operate PRS in all buildings. I am glad to see you endorse the development of PRS as quickly as possible. Certainly, I see no case for redeploying DEL from BT work, or any other area, into buildings which would otherwise be brought into PRS. Redundancies in these cases would not be attributable to the PRS scheme, but to the loss of other work. Further, the present position on DEL is anomalous given our general policy on contracting out: DEL is doing work which could be carried out by private contractors.

If the outcome of the current discussions on the future of PRS is an extension of the work delegated to departments, then the number of DEL staff who may have to be asked could be higher than 700. That is a possibility to be kept in mind when considering a redundancy scheme.

I appreciate that a compulsory scheme in this area could raise difficult questions, and Peter Rees has commented on the timing and contingency issues in his letter of 24 June.

Nonetheless, I think we all attach importance to pressing ahead with PRS as quickly as possible. Therefore, if the general view is that your proposed scheme for the 700 presents too many difficulties at this time, I would urge you to consider alternative courses of action. For example, a staged approach might help to alleviate the industrial relations problems, by presenting the proposals for MOD establishments as a separate issue. Michael Heseltine may wish to comment on this aspect in the light of the problem of the Defence estate. Another possibility might be for DEL to be allowed to compete for departmental business on minor work in the same way as an outside contractor. This would mean that if they do give value for money they would be fully employed. If they were unable to win orders from departments, this would strengthen our hand in speeding up the rundown.

I am copying this letter to members of the Cabinet and to Sir Robert Armstrong.

Yours,

C/G

GOWRIE

Long term policy:
Civil Service PE17

MANAGEMENT-IN-CONFIDENCE

QUEEN ANNE'S GATE LONDON SW1H 9AT

25 June 1985

Dear Ian,

COMPULSORY REDUNDANCY: PSA DIRECTLY EMPLOYED LABOUR IN CIVIL BUILDINGS

Thank you for sending me a copy of your letter of 10 June to Grey Gowrie about the possibility of introducing compulsory redundancy in respect of the directly employed labour force (DEL) of the PSA.

So far as the Home Office is concerned, I agree with you that there have been no developments which would justify a review of established policy or of the general principle which is at stake. Nor do we have any particular departmental view on the tactics of proceeding through natural wastage, as originally envisaged, or of advancing somewhat faster through compulsion.

But perhaps I could take this opportunity to make two points concerning my own PRS estate. Both relate to different kinds of specialised accommodation. First, there is the very large Fire Service College in Moreton-in-Marsh, Gloucestershire; and, second, there are the unmanned Regional Government Headquarters located throughout the country. Each of these properties was the subject of correspondence with the Director of Civil Accommodation towards the end of 1982 and each of their operational needs remains precisely the same. It follows, first, that we shall require ample notice of any proposal to withdraw DEL from the Fire Service College; and, second, that it is essential to continue to treat the Regional Government Headquarters as a special case in accordance with the second paragraph of your letter, despite the fact that they are subject to the provisions of the PRS scheme.

I am sending copies of this letter to members of the Cabinet and to Sir Robert Armstrong.

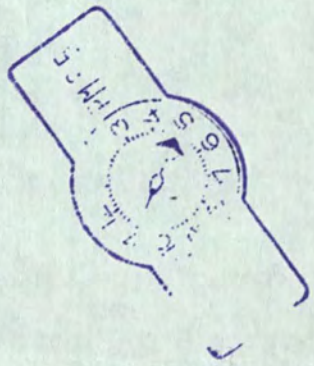
Yours,

Leon

Ian Gow, Esq, MP

Long Term Policy: Civil Service

PE17.



B

Treasury Chambers, Parliament Street, SW1P 3AG

Ian Gow Esq MP
Minister for Housing and Construction
Department of the Environment
2 Marsham Street
London
SW1P 3EB

NBPM

24 June 1985

Dear Ian

COMPULSORY REDUNDANCY: PSA DIRECTLY EMPLOYED LABOUR (DEC) IN CIVIL BUILDINGS

Thank you for sending me a copy of your letter of 10 June to Grey Gowrie.

I am content with your proposals for compulsory redundancies in PSA's directly employed labour force (DEL) provided your officials consult mine before the proposals are brought to the attention of the Trade Unions. Consultations on the pay offer to industrial civil servants have reached a delicate stage and I am anxious that these should not be compromised in any way. A pay settlement may be reached by the middle of July if as a result of consultations with their members the Unions accept the offer. But the negotiations could drag on beyond that.

Subject to that I think that you should press ahead with the first batch of 600 redundancies as quickly as possible. It is essential that funds available for maintenance are used as effectively as possible. And it is a matter of concern that the obligation to meet the wages of the DEL as a first call on your budget distorts the allocation of funds.

I am also anxious to see the extension of existing PRS delegations to departments to buildings which are currently excluded because they are maintained by the PSA's DEL. I should also like to see this happen as soon as possible if colleagues generally are content with your plans, though I accept that you will have to weigh up carefully the risks of industrial action in introducing such arrangements. I assume that you will have contingency plans to ensure that essential maintenance can be undertaken in the event of industrial action. I understand that extensive use of contractors is already made by the District Works Office which looks after the Treasury building in Great George Street. I would hope that arrangements could be made for contractors to cope with any emergencies that might arise.

Responsibility for meeting redundancy costs is being transferred to departments from 1 April 1986. Redundancy payments, which PSA will have to make from that date, will of course have to be met from within existing levels of provision.

I am copying this letter to Grey Gowrie, other Cabinet colleagues and to Sir Robert Armstrong.

Yours ever Peter

PETER REES

Long Term Policy: Civil Service.
PT 17

PRIME MINISTER

MORALE IN THE CIVIL SERVICE: MEETING ON TUESDAY 25 JUNE WITH THE LORD PRESIDENT, FOREIGN SECRETARY, CHANCELLOR OF THE EXCHEQUER, CHANCELLOR OF THE DUCHY OF LANCASTER AND SIR ROBERT ARMSTRONG

I attach:

Flag A - Sir Robert Armstrong's long submission of 7 June on morale in the Civil Service;

Flag B - Sir Robert Armstrong's answers to some questions which you raised on it; and

Flag C - some notes by Mr Warry in the Policy Unit.

Your colleagues at this meeting do not know the contents of the TSRB Report and it would be premature to reveal them at this stage. So you should not mention them, except perhaps in the most general terms.

I suggest that the purpose of this meeting should be twofold:

(i) to establish to what extent your colleagues' own experience confirms what Sir Robert says about morale;

(ii) to collect their ideas of what to do about it. In particular, you will want to get the Chancellor's views on the scope for reaching a satisfactory long term pay agreement and for allocating some money - perhaps from efficiency savings - to improve working conditions.

Perhaps I may add one comment on Mr Warry's note below. I strongly agree with him that people do not suffer from stress or loss of morale just because they are stretched: in my experience the reverse is usually true and people are prepared to work very hard if they have a clear purpose and think what they are doing is worthwhihle. They lose morale if they know

in their hearts that what they are doing is ineffective. What this amounts to is that the more that unnecessary and ineffective bureaucracy can be reduced and people can be given instructions which they can operate and understand (eg in social security and tax offices) the higher their morale will become.

F.E.R.B.

Lord Gowrie's report on accommodation which has just come in (reference flag) offers a prospect of savings in accommodation costs which could be ploughed back in whole or in part to improve the working environment.

F.E.R.B.

21 June 1985

PRIME MINISTER 20 June 1985

CIVIL SERVICE MORALE

Morale is important when it affects the motivation and retention of key staff. Grievances, eg low pay, are different and not necessarily closely linked to morale. Key staff's morale should be good if:

1. **The organisation has direction and purpose.** Indeed it can improve during a redundancy if the management is seen to be tackling the perceived problem with vigour, but will fall if an extended period of small cuts is planned rather than a single large slice.

2. **Employees are stretched to their limits.** If large cuts are made then those that remain gain greater responsibility and job interest, less important (and less interesting) tasks have to be dropped through lack of resources, and as a result business is dealt with far more quickly. Ministers' Private Office's exemplify this.

3. **Employees know clearly what is expected of them.** Justified criticism never damages morale, but if objectives are unclear and the criticism general rather than specific, then morale suffers.

4. Pay is relevant but not as important as job satisfaction or the prospect of promotion.

The FMI system ought to deliver much of this. The Atlee Government which produced more technically sound legislation than any of its successors yet with a far smaller civil service shows what can be done.

Recommendations

1. Identify all the general manpower savings required over the next five years and implement immediately if possible.

2. 'Savings' that are really only a transfer of responsibilities out of the public sector should be identified separately so that staff are not faced with the appearance of recurring cuts every year for the forseeable future.

3. Pay should only be increased if there is evidence that key staff are actually leaving for this cause rather than eg for lack of job satisfaction, and even then, pay increases should be selective.

In short, we want to get to a position where manpower cuts are behind us, and where all civil servants have demanding (and satisfying) real jobs to do which achieve the results the Government want and are properly appreciated.

Peter Warry

PETER WARRY

MS2 AQH

bcRTA

10 DOWNING STREET

From the Principal Private Secretary

20 June 1985

We had a word on the telephone about your letter of 12 June enclosing one from Ian Greer inviting you to take part in a seminar on lobbying.

This is the first time that I can remember a Minister being invited to take part in a conference on this subject. Since the activities of these lobbying consultants are controversial, I thought that I should have a word with Sir Robert Armstrong and the Prime Minister about it. Both feel that you would lay yourself open to political criticism, which would be better avoided, if you were to accept this invitation. It is not as if a Minister currently in office is uniquely qualified to make a contribution on this subject - Mr Greer could find other people qualified to speak on it - and the involvement of a Minister would give these activities a cachet which would not be particularly welcome.

The combined view therefore of the Prime Minister and Sir Robert Armstrong is that they would prefer that you did not accept this invitation.

fcs

Mrs Lynda Chalker, MP.

sfw

9.88

CRNO.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

19 June 1985

Earl of Gowrie
Chancellor of the Duchy of Lancaster

NBPM

Dear Gray

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

Keith Joseph copied to me his letter of 6 June.

I sympathise with Keith's reluctance to divert Science Budget money to financing this change in the Research Councils if, in contrast to other colleagues concerned, he feels it does not deserve to be given priority within the resources available to him. But, as he rightly says, we are all committed to containing public expenditure, and I fear the Treasury simply cannot make additional expenditure available for this purpose - all the more so if, as Keith implies, this is an initiative which the Research Councils could do without.

Copies of this letter go to the Prime Minister, Keith Joseph and Sir Robert Armstrong.

Yours
Nigel

NIGEL LAWSON

BEMAQA

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

I enclose a copy of a letter from Mrs. Linda Chalker, Minister of State, Department of Transport, asking whether there is any objection to her taking part, at the request of Mr. Ian Greer, in a seminar organised by Business Research International on how Government works and how to approach the Civil Service. Mrs. Chalker is asked to speak on 'Lobbying' and the Government's reaction to it.

I should be grateful for your advice on this. I can see no reason within the rules why a Minister should not take part in a seminar on this subject, but the activities of lobbying organisations - of which Mr. Greer's company is a leading example - are controversial and Mrs. Chalker's participation would give this activity some increased recognition. Perhaps the most important thing is what Mrs. Chalker will actually say about the Government's reaction to lobbying, and perhaps I should suggest that she clears her remarks with you?

FERB

17 June 1985

Ref. A085/1618

MR BUTLER

Thank you for your minute of 10 June about my submission of 7 June on morale in the Civil Service.

2. I have sent copies of the submission to the Lord President, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Chancellor of the Duchy of Lancaster.

3. On the specific points in your minute:

a. Most of the reports I have received have been oral, and most have come to me from Permanent Secretaries. I am afraid that I have not kept a count of them; but nearly all Permanent Secretaries in charge of Departments have in the last month or two expressed to me views consistent with what I wrote in my submission. I attach extracts from letters from two of them - both of them people whom both the Prime Minister and I respect. Similar views have been expressed to me orally directly by some civil servants from lower levels; but the selection of those is for obvious reasons pretty random.

b. I believe that a great many employers make it a deliberate policy to maintain security of employment for middle and senior management and for other "white collar" staff (though not for industrial employees), even if some of them would not avow it. Examples are ICI, IBM, BP, the clearing banks.

c. I agree that the departure of Deputy Secretaries in their late 40s offers management flexibility and improves

promotion opportunities. But it is the best who find it easiest to move, and whom we should like to have available for promotion. For instance, I have a list of three potential successors to Sir Brian Hayes at the Department of Trade and Industry (this is more than I have for most Permanent Secretaryships). One has just gone (Roy Croft); I know that another is looking for opportunities to go. One is of course enough; but there is no insurance against accidents or failure to live up to expectations.

RCA

ROBERT ARMSTRONG

14 June 1985

EXTRACT A

"The exchanges we have had on this subject a number of times over the past months have shown that there is indeed not just a problem but a crisis of morale in the Civil Service today. We are of course short of objective evidence: but the volume of subjective and anecdotal evidence in the form both of reports from managers and of personal observation is now such that I do not think anybody could reasonably doubt that morale has sunk to a very low level indeed and that there is no reason to suppose that that situation, left to itself, is going to improve.

What has brought about this state of affairs? My view is that the cause is what is perceived by civil servants and by the public at large to be the attitude of Ministers towards the Civil Service as an institution. Ministers are believed to hold the Civil Service in low esteem. It is widely thought that Ministers hold this view because they regard the private sector as wealth creating and therefore good and to be encouraged and the public sector as wealth consuming and therefore bad and to be diminished as far as possible. This is no doubt a grossly over simplified understanding of Ministerial attitudes and is unfair to individual Ministers, but there is no escaping the fact that this perception of Ministerial thinking is now widely and deeply held.

Like everybody else civil servants like to think that they are doing a worthwhile and useful job. If they believe, as they do, that their own employers have little time for them and for the place their work occupies in the present scheme of things, their self-respect is soon destroyed, and their morale with it. Many of us are in the Civil Service because we do believe in what you call "the concept of public service", but the desire to provide such services and the satisfaction which is to be derived from it will be undermined if Ministers are believed to attach little value to it. It is interesting that our experience is that it is generally the morale ofthose in outstations and of junior staff which has been most badly affected by the present state of affairs. I think that this is because they are the staff who just because they are

remote from Ministers are probably most in need of reassurance that they are performing a useful role and that they are making a contribution, however small, to an institution that is valued and respected.

"My own view is that the other issues that worry our colleagues - pay, reductions in manpower when the workload is growing, promotion prospects and so on - are only symptoms of the problem, the root of which is the relationship between Ministers and the Civil Service. Pay has probably become the single most significant measure of that relationship in the eyes of the mass of civil servants. They see the Government's approach to pay as a direct reflection of Ministers' general attitude towards them. And I have to say that many civil servants would think that the Chancellor himself had said it all in the sentence in his minute of 15 May to the Prime Minister on the current Civil Service pay negotiations which read;

> 'This pay review is therefore effectively at an end and I think that we can regard the outcome as satisfactory'.

Of course in public expenditure terms it is reasonably satisfactory but I fear that for what it will do to the morale of our colleagues it is the reverse."

EXTRACT B

"I think one of the reasons this is so difficult is that there are so many different dimensions to the problem of Civil Service morale. This Government seems to have found a variety of ways of impairing morale - by the disparagement of public service activity; by a quest for better housekeeping that implies past inefficiency; by using the service to set an example over pay; and by cutting numbers to the point where our front-line services are under pressure and service is, frankly, deteriorating. One consequence has been a deterioration in industrial relations, of which this Department has had bitter experience. There is no single or

simple way of setting all this right. Different levels of the Service are affected in different ways. In local offices there is still high turnover when junior staff can find other jobs, where they are generally better paid for less stressful work in more comfortable surroundings. We have Inland Revenue's evidence that junior staff employed in their offices look on the Government as a poor employer, to a quite disconcerting degree. Higher up the scale Inland Revenue lose tax inspectors, and we lose ADP specialists, to the private sector for probably less interesting work, but incomparably better pay. At Headquarters the best staff are working harder than ever, in the best tradition of the service without the sense that this respected and with apparently deteriorating career prospects; some of them are leaving. Above them they see the top of the Service being disparaged by the importation of not particularly impressive outsiders at twice the price.

010

1

Prime Minister
Mrs. Chalker has been invited by Ian Greer to take part in a Seminar on lobbying. She clearly had some doubts about it and asked me whether she should agree to do so. Sir Robert Armstrong thinks that she would be unwise to do so. Agree that I should pass on this advice to Mrs. Chalker?
PERB 19.6

Ref. A085/1667

MR BUTLER

Yes - I agree with Sir Robert

Thank you for your minute of 17 June about the invitation to Mrs Chalker to give an address on how Government reacts to lobbying at a seminar organised by Business Research International on how Government works and how to approach the Civil Service.

2. As you say, there is nothing in the rules that precludes acceptance. But I suspect that this type of invitation was beyond the powers of imagination or prediction of those who prepared the rules. I think we have to start from first principles.

3. Essentially the seminar is on how to be successful in lobbying the Government, and in particular the Civil Service. Lobbying is a fact of life, which we have to live with. But it is controversial, we don't exactly approve of it, and we go to some lengths to tell civil servants how to behave in relation to it. Is it really acceptable for a Minister to appear in semi-public to tell lobbyists how best to go about bending the ears of civil servants (and no doubt of Ministers too)? I should have thought that Mrs Chalker would lay herself - and the Prime Minister, since she is being consulted - open to political criticism best avoided, if she accepted the invitation.

4. It is not as if a Minister currently in office is uniquely qualified to make a contribution to such a seminar from Ministerial experience; nor as if this is strictly public business.

5. I am afraid that I think that Mrs Chalker should be advised to say that this is an invitation she should decline. I am not at all enthusiastic about the idea of her taking it on, subject to clearance of the text: that would give the practice of lobbying a cachet, and anything she said a degree of authority, which I do not think we should welcome.

RCA

19 June 1985

ROBERT ARMSTRONG

From: Mrs. Lynda Chalker, M.P.

HOUSE OF COMMONS
LONDON SW1A 0AA

12 June 1985

Robin Butler Esq
10 Downing Street
London
SWI

Dear Robin

I have received the enclosed letter from Ian Greer asking me to take part in a conference.

I would like to take part in this and am just checking that I have full clearance to do so.

Yours sincerely

Lynda Chalker

→ ANGELA
→ No. 10 (Robin Butler) for agreement to participate

IGA

IAN GREER ASSOCIATES
Public Affairs Consultants

6 Buckingham Place, London SW1E 6HR
Telephone: 01-630 5651 Telex: 296438 IGAUK G

28th May, 1985.

Mrs. Lynda Chalker, MP,
Minister of State,
Department of Transport,
2, Marsham Street,
London,
SW1P 3EB.

Dear Lynda,

I hope you are feeling a great deal better than you were when we last met. I cannot imagine that the pace has eased up to allow you any real opportunity to rest.

I have been approached by Business Research International, a conference organisation, who are anxious to arrange a seminar on the 2nd December at the Cavendish Conference Centre, London, on lobbying. It is a one day seminar covering how Government works and how to approach the Civil Service. I have been asked to approach you in the hope that you might feel able to speak on how Government reacts to lobbying. I can think of no one better. Is it something you would be prepared to do?

At present this topic is scheduled for the afternoon session albeit I am sure it can be changed if it is more convenient. They are also approaching Sir Douglas Wass and Lord Melchett as possible speakers during the course of the day.

Perhaps you could give me an indication as soon as possible how you feel about the idea.

With kind regards,

Yours sincerely,

Ian

IAN B. GREER.

CF

We will await Lord Gowrie's response before submitting to DM. MCA 13/6

PRIME MINISTER

PSA COMPULSORY REDUNDANCY

The letter from Ian Gow to Lord Gowrie (Flag A) sets out his proposal to make 1300 PSA employees compulsorily redundant. Policy Unit advice is at Flag B.

In principle, it seems right that, where the situation demands it, compulsory redundancy in the Civil Service should not be ~~shirked~~ ducked. But the Policy Unit advice that this is the wrong occasion to adopt it seems convincing. First, the Government gave its word that PRS would not require acceleration of the run-down of directly employed labout. It is not clear that there are ~~no~~ any new factors which could be adduced as justifying a change of course. ~~It all turns on how long the run-down will take~~. Secondly, there is the risk of industrial action at the Houses of Parliament. I understand that Lord Gowrie's people do not dissent from Ian Gow's estimate that this is a "real possibility".

Ad P/U advice cost time.

(Mark Addison)

12 June 1985

B

~~cc pl.~~

Spk RTA

PRIME MINISTER 11 June 1985

PSA COMPULSORY REDUNDANCY

Ian Gow proposes to make 1,300 PSA employees compulsorily redundant. He predicts that at least 700 of these redundancies will be controversial, and may cause strikes. We suspect that this may turn into a major news story, "DoE Adds to Dole Queues".

The benefits in efficiency and "workforce balance" are unquantified, but seem likely to be small in comparison with the public relations effect.

We recommend that you should oppose this scheme.

OLIVER LETWIN

NBPM AT 11/6 cc NO A

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 7601

Minister for Housing and Construction

10 June 1985

Dear Gray,

COMPULSORY REDUNDANCY: PSA DIRECTLY EMPLOYED LABOUR (DEL) IN CIVIL BUILDINGS

I am considering a scheme for the compulsory redundancy of some of our DEL force, and I should be grateful for your views and those of other colleagues on part of my proposals.

At present the Agency employs some 10,000 DEL. Under a policy introduced by Michael Heseltine, we are reducing our DEL by natural wastage to, broadly speaking, only those that we need to operate essential services, or where a client Department has special requirements. In pursuit of this policy DEL has come down from 17,000 in 1979, and we calculate that it would settle naturally at a level of about 7,000 in 1990, which is about the level we need.

But this policy involves considerable difficulties because it is leading to imbalance in the workforce, and an inability to use contractors to do priority work because we have to find work for the DEL who are still employed. Furthermore, it has led to a substantial number of buildings, which should have been given over to Departments for minor maintenance under PRS, still being maintained by PSA because we have to employ the DEL.

In seeking to deal with the problems, I have introduced a scheme of selective voluntary redundancy under which some 300 DEL left before the end of March 1985. But this has not resolved the problem. We need to reduce the DEL by another 600 in order to get rid of imbalance and improve efficiency, and another 700 (500 in London) to deal with the problem of PRS.

I have decided to introduce a scheme of compulsory redundancy to deal with the 600. My view is that the purposes for which this is to be done are close enough to the original Heseltine policy to enable us to implement it without any serious industrial problems.

But it is quite a different matter with the 700 needed to enable us to transfer all buildings to Departments under PRS. When PRS was introduced, the Trade Union Side was told that PRS would operate within the policy of reducing numbers by natural wastage, and would not, therefore, require acceleration of the DEL rundown. The Trade Unions will see compulsory redundancies attributed to PRS as a major change of policy at the expense of their members' jobs. There is a real possibility that they might carry their resentment at the change of policy to industrial action, which could, cause trouble at places such as the Houses of Parliament and Headquarters offices. Before I agree to introduce a scheme with such risks attached to it, I need to be sure that you and colleagues attach sufficient importance to getting buildings into PRS for minor maintenance, which would otherwise be maintained by DEL employed by PSA, to outweigh this risk.

I emphasise that I am only discussing here a question of tactics, not principle. I believe that PRS should develop to give Departments, as far as possible, responsibility for carrying out minor works, and we shall, to that end, continue to transfer buildings into the PRS scheme as soon as we can use the DEL in them in some other way. But it will be a number of years before we shall be in a position to do this effectively, because of the loss of other work, such as BT work on which DEL were employed, we have fewer outlets for our DEL, and have to redeploy some of them into buildings which would otherwise go under PRS. If we use compulsory redundancy we will be able to implement PRS more quickly.

There is another point. We are proposing to widen the PRS-type scheme on Ministry of Defence estate to include a number of MOD establishments. Most MOD establishments have DEL employed on them, but so far the TUS has not been concerned about the introduction of this scheme, because it assumed that the same rules that operated under PRS would apply to this scheme as well, and that it would not hasten compulsory redundancy.

If we changed the rules for PRS it would make them apprehensive - and possibly obstructive - about the introduction of the scheme for MOD properties. Moreover, it might create additional difficulties when we consider the use of DEL in emergency situations.

I am copying this letter to members of the Cabinet and to Sir Robert Armstrong.

Yours ever
Ian

IAN GOW

The Rt Hon the Earl of Gowrie

Civic Service

VR3BEN

10 DOWNING STREET

From the Principal Private Secretary

BF // Meeting arranged for Tues 25/6/85 11 am

SIR ROBERT ARMSTRONG

The Prime Minister read carefully over the weekend your submission of 7 June (A085/1542) about morale in the Civil Service. The Prime Minister is content that you should copy your submission, as you suggest, to the Lord President, the Foreign Secretary, the Chancellor of the Exchequer and Chancellor of the Duchy of Lancaster and the Prime Minister will arrange a meeting to discuss it with them and you. In the meantime, the Prime Minister has noted one or two questions on your minute:-

- on paragraph 1, she has asked how many reports you have in fact received and from what level; and what they say;

- on the last sentence of paragraph 2(d), she has asked which private sector employers make it a deliberate policy to maintain security of employment;

- on paragraph 5 she has asked whether the phenomenon of Deputy Secretaries in their late 40s considering going outside for the last 10 or 15 years of their working life is necessarily a bad one. She has suggested that it may offer management flexibility.

FERN

10 June 1985

BM

Prime Minister
This is the submission which I warned you was coming. I have taken the opportunity to ask such Permanent Secretaries as I have met in the last day or two whether they share this gloomy view; and I have got curiously mixed views. Some share it to some extent; others don't recognise it at all.

Agree that Sir R. Armstrong should copy to Lord President, Foreign Secretary, Chancellor and Lord Gowrie - and then a meeting?
FERB 7.6.

Ref. A085/1543

MR BUTLER

I am sending you herewith a minute to the Prime Minister about the state of morale in the Civil Service.

2. I have been thinking for some weeks that I should do this; but when I learnt that Lord Plowden would be coming to talk to the Prime Minister privately about this - as he did on 8 May - I decided that my submission should wait until after that. Nonetheless I should have been sending a minute on these lines even if Lord Plowden had not said what he did say to the Prime Minister.

3. I have not referred to Lord Plowden's meeting with the Prime Minister in this minute.

4. The Prime Minister will have seen reports of what Sir Antony Acland said to the Foreign Affairs Committee about the burden of work on members of the Foreign Office. He is reported as having said that concern about the burden of workload was not confined to the Foreign Office but extended to the entire Civil Service, and was shared by me. As you will see from paragraph 2a of the attached minute, I think that many civil servants do feel under excessive pressure of overload, and that this is a factor of morale. But I have to say that Sir Antony Acland did not consult me before saying what he did, and I did not have any knowledge or forewarning that he was going to say it. The fact that I am sending this minute now, in relation to that, is purely coincidental.

RTA

ROBERT ARMSTRONG

7 June 1985

RTAABQ

How many reports? What do they say? What reports for what end?

Ref. A085/1542

PRIME MINISTER

Since you appointed me Head of the Home Civil Service I have not made any representations to you about morale in the civil service. As a general rule I do not see much point in generalised hand-wringing about morale as such. But reports that are coming to me from all over the public service and from every level prompt me now to send you this minute. They suggest a state of morale lower than I have ever known it, and I think dangerously low. Some are speaking of a crisis of morale.

?

2. There are the following strands in this:

a. The reduction in numbers since 1979 (which has been proportionately higher in the open structure) has not been matched by a proportionate reduction of the total workload. On the contrary reviews - sometimes very far reaching and wide-ranging - of Government policies are piling on new and often difficult tasks that are having to be tackled on top of existing tasks, at a time when people are also being asked to adapt to new techniques of management. All over the service people, at junior as well as senior level, and including the most able, feel themselves under unrelenting pressure which affects their family lives as well as their working hours.

This is the crux of the matter.

b. At lower levels there is a good deal of apprehension that the Government will pursue policies for the further privatisation of functions now carried out by civil servants. The fears may in many cases be groundless; but they lead people to fear further reductions of numbers and loss of their jobs, and thus generate uncertainty.

CSMAAB

c. The reduction in numbers, coming on top of the high levels of recruitment in the 1970s, is perceived as having a very damaging effect on promotion prospects. The prospect may be worse than the reality will be; but the fear exists now, and is real, and we have to live with its demotivating effects. And performance-related bonuses (which are in any case so far limited to grades between Under Secretary and Principal and equivalent) are not in general yet welcome or seen as doing much to improve matters: indeed, many regard them as derisive.

d. Pay is also an element in low morale. The large increases given shortly after the Government took office have receded from memories, and people feel that every year since 1981 the Government has imposed on the civil service pay settlements significantly less than the average rates of increase of earnings outside, with the result that civil servants see and feel themselves falling further and further behind people outside. What makes it worse is that they see no prospect of any end to this process: in the absence of any kind of objective benchmarks for civil service pay or any long-term basis for settling pay, they see the Government, having ended the old agreements on arbitration and on pay determination, doing nothing effective to put anything in that place, and continuing indefinitely, because of the pressures on public expenditure, to impose settlements which will mean that civil servants continue to fall even further behind in relative earnings. The result is a very widespread and deep dissatisfaction which one report has gone so far as to describe as "despair". Relative security of tenure is of course an important attraction of Civil Service employment, particularly in areas of especially high unemployment; but

Who?

it is only relative, since there are many private sector employers whose deliberate policy is to maintain security of employment.

e. This feeling of dissatisfaction extends to the higher levels of the civil service, to a degree which is in my experience unprecedented; and that of course has its own effect on people at lower levels. The higher Civil Service have never expected to be paid anything like as much as the higher levels in industry and the City; but in the private sector differentials at these levels, which were compressed during the years of incomes polices, have greatly widened out over the last two or three years and continue to do so. The disparity between salaries of higher civil servants and remuneration percentages in industry and the City has become very much wider than before, and likewise continues to grow. The perception of this growing disparity is heightened when we take in people from outside, not always manifestly better than the Civil Service could provide, into senior public service posts, at a rate of pay much in excess of what would be payable to a career civil servant appointed to the same post - and yet often substantially less than the individual has been earning outside.

f. The last strand in the low state of morale is, many would say, the most important, and all the other strands contribute to and come together in it. There is a very general sense among civil servants - other than those senior civil servants who have regular dealings with Minnisters - of an attitude among at any rate some Ministers that is seen as one of detached indifference - where it is not one of downright hostility - to the civil service. It is felt that Ministers do not trouble to know about what their civil servants are feeling or about the reason for those feelings; or that, if they know, they do not care. The other problems on which there are

dissatisfaction - on numbers, on job and promotion prospects and on pay - are all seen as indications that this is the attitude of Ministers. This attitude - or the belief that some Ministers have this attitude - has communicated itself widely outside the Government with the result that the civil service is not held in the same degree of esteem as it was thirty or even ten years ago.

3. I do not believe that this fall in morale (as opposed to pressure of work) is yet affecting standards of service. You have seen enough of the skill and energy being deployed in several Departments engaged on policy tasks to know that the civil service is maintaining high standards of service to the Government. The dedication being displayed would, if it disappeared, not be easy to replace.

4. The combination of factors described in paragraph 2, is, however, leading to a drop in the quality of people seeking to come into the civil service; and to a progressively increasing wastage of civil servants into other employments. I attach a note on the latest position on recruitment and retention. The problems are particularly marked among specialists including accountants, scientists, professional and technical staff, lawyers, and automatic data-processing staff. But it is also reaching worrying dimensions among fast-stream Principals and young Assistant Secretaries. The changes now in train in the City are producing at one and the same time a considerable demand for people of this kind and a frightening increase in levels of remuneration offered. Civil servants in their 30s, working in Departments which have an interface with the City or with industry are being tempted with offers that one cannot blame them for taking up: they could hardly, in conscience to their families, refuse them. Statistically one ought to welcome their departures, since they improve promotion prospects for those who remain. But it is the best who leave. If the drain continues, your successor and mine in ten to fifteen years' time

are going to be hard put to it to find sufficient people of sufficient calibre and experience within the civil service to fill the key posts in the higher civil service.

5. The tendency to look outside is not confined to the younger administrators. I have been surprised and concerned to find a number of Deputy Secretaries in their late 40s seriously considering the possibility of going outside for the last ten or fifteen years of their working life. This is a new phenomenon; and, again it is the best who find it easiest to move. Is it a bad one? I should have thought it offered a new choice not

6. I am sorry to be putting such a submission to you; but, when people come to me about this situation and ask me "Do Ministers know?", I feel that I owe it to you to do so. Your Government has instituted a process of change in the Civil Service, and in particular of improvements in management and efficiency, which was necessary and overdue. People now at the top of the Service welcome it and are giving a positive lead in it. The benefits are beginning to show. But the good effects could be undone if we cannot do something about the decline in morale. I fear that the situation is coming towards a point where the damage to the effectiveness of the public service and to the qualities that have led successive Governments to claim that the British public service was second to none may become profound and difficult to reverse.

7. I should like to have an opportunity to discuss the problem with you, and to consider with you what can be done to reverse it. I think that a lot can be achieved for very little by a change in attitudes. The points that come particularly to my mind would be:

i. It would be helpful to give civil servants some reason to hope that their progressive decline in relative earnings is not going to continue indefinitely. With the 1985 pay settlement now concluded it is clearly not possible to do

anything more about pay levels in general this year, though we may wish to do something in specific areas, and the Government's response to the recommendations of the Top Salaries Review Body will be very closely watched. But evidence of a real wish and determination on the part of the Government to negotiate a long-term pay agreement which would be perceived to be fair to all would do a lot of good. At the same time we should look at the pay structure itself, to ensure that as far as possible it provides civil servants with more confidence in their career prospects and opportunities.

ii. On an altogether smaller scale and more humdrum line of thought,it could be helpful to be seen to channel some of the administrative savings that are being made in the civil service into improving the working environment of staff. Many, particularly away from Whitehall in some of the inner city offices, work in sub-standard, in some instances near-slum, offices, some of which have to be used also by the public. I am not thinking of a major programme of expenditure but of small amounts here and there in maintenance and minor improvements. You will remember that Derek Rayner used to urge us to use part of the savings resulting from efficiency scrutinies in this way.

iii. Words on their own will not cut much ice; they need to be corroborated by definite and tangible expressions and measures of this kind. But it would be valuable if you and your colleagues could use whatever occasion you can find publicly to emphasise your regard for the civil service and for the service it provides, the importance you attach to maintaining the traditions and the integrity of an able, effective and uncorrupt civil service, the importance of the concept of public service as a motivating factor, and your determination to ensure that the civil service

continues to provide, and is recognised as providing, a worthwhile career for men and women of ability and integrity.

8. The concept of public service as a motivating factor is particularly worth emphasising: surveys of opinion suggest that, even when public servants (in central and local Government) are fed up with aspects of management or conditions of service, they respond to the thought that they are serving the public. It would be helpful if we could begin to counter the notion that wealth creation is an exclusive function of the private sector and that the public services are no more than a burden or parasite on the process of wealth creation (and therefore on the private sector), and establish in its place a different thought: that in a developed economy the private and public sectors each have their part to play and are inextricably dependent on one another; and that, right though it is that the State should not encroach into, and should where possible withdraw from, areas and activities best undertaken by private enterprise, there will remain a great many services which society requires and which are best provided by a public service, and the provision of that service remains not only a necessary but also an honourable calling, deserving of pride from those engaged in it and respect from those dependent on it. I propose to try to develop this theme in an address that I am due to deliver to the Annual Conference of the Chartered Institute of Public Finance and Accountancy later this month.

9. I should like, if you agree, to send copies of this minute to the Chancellor of the Exchequer and the Chancellor of the Duchy of Lancaster, as the two colleagues who share the responsibilities which you have as Minister for the Civil

Service; to the Lord President, and to the Foreign and Commonwealth Secretary as the Minister responsible for the diplomatic service.

RTA

ROBERT ARMSTRONG

7 June 1985

RECRUITMENT AND RETENTION IN THE CIVIL SERVICE:
SOME PRESSURE POINTS

Recruitment and retention difficulties are widespread. This summary identifies areas in which the problems are particularly severe. To do so, it draws upon evidence submitted to the TSRB updated where necessary, the Civil Service Commission Report, the resignations exercise conducted by PM3, and the reports of the different working groups which have investigated the difficulties in particular occupational groups.

RECRUITMENT

ATs

There have been successive shortfalls in recent years, although there has been a steady narrowing gap since the disastrous result in 1982 (48 per cent shortfall). This year's competition is still in progress but the projections of outcome are worrying. The bid was for 78 AT/HEODs and 9 AT (Accountants). Two-thirds of the candidates have been seen. 58 successful candidates have been identified for AT/HEOD: 13 internals, 41 externals and 4 who deferred appointment after last year's competition. 7 of the 41 external successes have declined appointment bringing the total down to 51. The predicted eventual shortfall is some 10-15. There has not been a single success for the 9 AT (Accountants). Improvements to the pay of ATs and HEO(D)s are being introduced this year, but it is possible that further remedies will need to be contemplated.

Accountants

The shortfall against bids in the last 3 years has ranged between 35 and 45 per cent. A package of allowances, personnel management measures and improved recruitment procedures is being introduced this year to help correct the shortfall. It is posssible that more will need to be done, and the position is being kept under review.

P&T Group

Recruitment difficulties are particularly severe and worsening among estate surveyors, electronics, electrical and mechanical engineers, civil engineers and petroleum specialists. All these disciplines experienced a shortfall against vacancies of between 35 per cent and 60 per cent in 1984.

Science Group

Recruitment difficulties exist throughout the Science Group, and it is therefore difficult to identify particular problem areas. The shortfall against vacancies in SO to SSO recruitment, comprising the main recruitment grades, has increased steadily

CSMAAC

from 15 per cent in 1981 to 35 per cent in 1984. If particular disciplines are to be identified, then probably posts in computer science, electronics and applied mathematics are hardest to fill. These are national shortage disciplines. For almost all scientific disciplines the starting salaries in industry appear at least 15 per cent higher for scientists of average ability and at least 25 per cent for the best.

Legal Group

Over the past few years the recruitment of basic grade Legal Assistants has been very poor with the number of candidates thought worthy of interview only little above the number of vacancies. This problem arises from the current structure and its associated age pointed scale both of which are under review. After allowing for those who do not pass the board and those who choose to go elsewhere, recruitment has been substantially less than required. A major restructuring exercise is imminent; this should help considerably.

RETENTION

Fast Stream Administrators

There is a small upward trend in fast stream wastage. Departments have expressed particular concern about the quality of people leaving. This is an area where it is difficult to take special action because of the relationship to the wider Administration Group.

Accountants

Wastage is becoming a problem among HEOs and SEOs, who leave in the first years after qualification. Given the Government target of doubling, and the 20 per cent shortage of qualified accountants for Q posts in the Service which is causing problems to, for example, MOD, DTI, and DHSS, the package of allowances and improved personnel management measures introduced this year was targeted also to this problem.

Tax Inspectors

The national shortage of accountants, causing accountancy firms to spread their recruitment net, has contributed to a drastic rise in resignations of Tax Inspectors. The 1984 figure at Principal level and above is 300 per cent up on 1983. As a response, the final examination allowance for Tax Inspectors has been increased to £1000 and extended for the first time to Principal level. The position following this will be kept under review.

ADP

There has been a sharp increase in wastage since the last quarter of 1984. Rates currently run at 9 per cent per annum for EOs and 8 per cent for HEOs; much higher than for the Administration Group as a whole. There is also a severe shortage of highly skilled IT staff at HEO level and above; overall this is some 23 per cent; within some sub-disciplines it reaches 30 per cent. Pay improvement and other action is under consideration, but again there is a national shortage of skilled IT specialists.

P&T Group

There is an overall retention problem which is particularly severe at PTO I and PTO II level worsening among PPTOs. There are also signs of a developing problem among technician engineers at PTO III and PTO IV level. Among the disciplines hardest hit at all levels are electronics, electrical and mechanical engineers and telecommunications technical officers. Restructuring of the PTO III and PTO IV grades should help to meet the developing difficulties at lower levels. At PTO I and PTO II levels there is a strong case for pay improvements for at least some disciplines, but action is inhibitied by the difficulties of definition and ring fencing. Special measures are being devised - eg an allowance for petroleum specialists in the Department of Energy and a Special Pay Additions for radio spectrum engineers in DTI - and are being considered in a number of other cases.

Science Group

The rate of resignation throughout the Science Group is increasing. All grades are affected with wastage amongst HSOs and SSOs particlarly severe. Resignations at PSO level have shown a 60 per cent increase over 1983. Over 60 per cent of those leaving were graduates and almost 90 per cent were under 40; the scientific Civil Service is losing its best and most promising people. All scientific disciplines are hit, not just those such as electronics and computing where there are national shortages. Physicists, chemists and mathematics are also in short supply in several establishments. Increasingly departments are reporting tasks or programmes of national importance being put in jeopardy due to lack of key scientific staff.

Cabinet Office

June 1985

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DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE YORK ROAD LONDON SE1 7PH
TELEPHONE 01-934 9000

FROM THE SECRETARY OF STATE

Lord Gowrie
Chancellor of the Duchy of Lancaster
Management and Personnel Office
Great George Street
LONDON SW1P 3AL

6 June 1985

Dear Tony.

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

Thank you for your letter of 8 May. The handling of this matter continues to astonish me.

I have never seen this policy properly costed, nor any serious attempts at an investment appraisal or cost benefit analysis for a development that unquestionably will cost millions. Yet we are constantly pressed by your office to carry out investment appraisals or cost benefit analyses in our fringe bodies, for far smaller sums.

Our colleagues apparently see little or no difficulty in assimilating the extra costs. It must follow that there is slack in their programmes. There is no such slack in the Science Budget. The Research Councils are turning away, every year, many hundreds of university research proposals of world class potential. To meet the cost of unified grading the AFRC would have to lose another 30 posts (out of a total of 516 PSO posts) or 60 if lower grade people went; or reject a further 30 research proposals by universities.

I do not find phasing a desirable way of proceeding. We may find ourselves more or less forced to adopt it but it is still surely to be avoided rather than multiplied. It brings to mind the practice in pay settlements of the late '70s whose bitter fruits we inherited. We are urged by the Treasury to consider the long term costs of policy developments, not just those of the early years. And we are all committed - are we not? - to constraining public expenditure.

I am not willing to agree to the introduction of this reform unless it includes the Research Councils and the BM(NH), on an equal footing with the Civil Service, and unless I am fully compensated for the costs, from outside my programme. Otherwise the proposal should be shelved sine die.

/over...

CIVIL SERVICE: L-T Pt 17

I am copying this letter to the recipients of yours.

Yours ever

Kate.

cc NO

CABINET OFFICE

From the Chancellor of the Duchy of Lancaster

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

Barney Hayhoe Esq MP
Minister of State
HM Treasury
Parliament Street
London SW1

NBPM

4 June 1985

Dear Barney,

Thank you for your letter of 20 May about the central payment to the Civil Service College for the Property Repayment Service charges for its two sites.

I am glad that you agree that this issue should be tackled in the context of the review of the longer term finance and vote accounting structures of the College. The Interdepartmental College Repayment Steering Group, on which your department is represented, discussed this as recently as 10 May and concluded that the central payment should continue for the time being but be reviewed as you suggest. The College has already arranged to meet Treasury officials to start this process. We shall have to see what they come up with but I think we have to accept that important changes to the financial and vote accounting structures of the College are unlikely before 1987-88.

Copies of this go to other Ministers in charge of departments, to the Prime Minister, and to Sir Robert Armstrong.

Yours,

GOWRIE

CONFIDENTIAL

DA

(7)

bc PC

10 DOWNING STREET

From the Private Secretary

24 May 1985

NORTHERN IRELAND CIVIL SERVICE MANPOWER

The Prime Minister has noted the Northern Ireland Secretary's minute of 21 May about the planned reductions in manpower in the Northern Ireland Civil Service. She is content with the proposed inspired PQ and Answer.

I am copying this letter to the Private Secretaries to Members of the Cabinet and to Richard Hatfield (Cabinet Office).

(Charles Powell)

Neil Ward, Esq.,
Northern Ireland Office.

CONFIDENTIAL

ea

CONFIDENTIAL

Prime Minister
Agree to proposed PQ Answer?
Treasury are content (for more accurately, resigned)
CDP 23/5.

PRIME MINISTER

NORTHERN IRELAND CIVIL SERVICE MANPOWER 1 APRIL ~~1986~~ TO 1 APRIL 1988

at flap

Last year Jim Prior sent you a note setting out the results of a manpower review which established new ceilings for manpower in the Northern Ireland Departments. We have just completed a similar exercise to round off the 1984 Public Expenditure Survey and I thought you might wish to know the outcome.

2. Our work was conducted in parallel with a similar exercise carried out in Whitehall, the results of which were published in Command 9428. Completion of the work in Northern Ireland had to await the outcome of the Great Britain exercise since the parity effects of decisions taken by Great Britain Departments have implications for Northern Ireland and are reflected in the revised targets. We have our own particular pressures, and when staffs are already small it is not always easy to cut them in the same proportion as a bigger organisation. Nevertheless the reduction in the Northern Ireland Civil Service which we will be able to achieve in the period up to 1 April 1988 matches that which is planned for comparable Great Britain Departments. The targets are as follows:-

April 1986	April 1987	April 1988
25,150	24,800	24,550

3. Given the pressures not least on our Social Security and Labour Market programmes, I think that this is a satisfactory outcome. I will, however, ensure that targets are kept under review.

CONFIDENTIAL

/If you

4. If you are content, I propose to announce the targets by way of an inspired PQ along the lines of the attached draft. I am copying this minute to Cabinet colleagues and Sir Robert Armstrong.

N J Ward
(Private Secretary)
for D H

(Approved by the Secretary of State and signed in his absence in Belfast)

21 May 1985

ssd

Date for answer: May 1985

To ask the Secretary of State for Northern Ireland, what decisions he has taken about Northern Ireland Civil Service manpower after April 1985.

MR HURD

I have reviewed manpower requirements of Northern Ireland Departments up to 1988 and have decided on the following targets:-

1 April 1986	1 April 1987	1 April 1988
25,150	24,800	24,550

The aim has been and continues to be the improvement of the Civil Service and to match staff numbers closely to the necessary function of Departments. A small contingency margin has been included to give a measure of flexibility in planning; the figures will be revised each year as part of the regular Expenditure Survey to take account of changing workload and other developments.

Civil Service: LT policy Pt 17

DHSS

With the Compliments of
the Private Secretary to
the Minister for Social Security

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
Alexander Fleming House
Elephant and Castle
London, SE1 6BY

MB

MANAGEMENT - IN CONFIDENCE

NBPM
AT
22/5

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522

From the Minister of State for Social Security and the Disabled

The Rt Hon Tom King MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

22 MAY 1985

Dear Tom,

NON-COMPLIANCE WITH TRADE UNION ACT 1984 AT RUSHOLME (MANCHESTER) ILO

In my letter of 17 May I advised you of a developing situation at the Department's local office at Rusholme, Manchester.

I said I would be consulting urgently with you early this week about whether to invoke the 1984 Trade Union Act, because CPSA in Rusholme were calling for strike action but had not complied with the provision of the Act.

Since writing things have moved on. On Monday 20 May a strike did take place as was expected. On Tuesday 21 May the CPSA held a meeting and voted (in accordance with the 1984 Act) 34 for strike action and 34 against. Because of this hung vote all staff returned to work on that day. Today the Union held another meeting to clarify the position. This time there was a clear majority for strike action, which has now started, and which is expected to last at least until the 28 May. Again the provisions of the 1984 Act appear to have been complied with.

Clearly any question of invoking the Act has gone away for the time being. My officials will be keeping the situation under review, and I will contact colleagues should it become necessary.

I am copying this letter to the Prime Minister, Barney Hayhoe, Sir Michael Havers and Sir Robert Armstrong.

Yours ever,

Tony

TONY NEWTON

CIVIL SERVICE: Long Term:

Pt 17.

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CABINET OFFICE

From the Chancellor of the Duchy of Lancaster
Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

Mark Addison esq
Private Secretary
10 Downing Street
LONDON SW1

Prime Minister. (2)
The forward plans were indicated in a general way in the January announcement.
MEA 22/5

21 MAY 1985

Dear Mark,

ETHNIC MONITORING IN GOVERNMENT DEPARTMENTS

On 28 January 1985 the Government announced that it had decided to follow the ethnic surveys on non-industrial staff in the North West and the County of Avon with surveys of all non-industrial staff in a phased programme during 1985-88, beginning with the East and West Midlands (now fixed for summer 1985); that all new entrants to the Civil Service would also be covered as soon as the necessary arrangements could be made (now fixed for autumn 1985); that separate arrangements were being worked out for industrial staff; and that consideration would be given to further monitoring of recruitment schemes in the light of the results of the recruitment surveys undertaken in 1984 in the North West and County of Avon, which were expected to be published in the Spring of 1985.

A report on the North West and Avon recruitment surveys has now been prepared and the Prime Minister may wish to know that Lord Gowrie proposes to announce its publication, together with some plans for follow-up action, by means of an arranged PQ on Thursday (23 May). At the same time Mr Hayhoe will make a similar announcement in the Commons. A copy of the draft Answer, on which officials in the Home Office and Department of Employment have been consulted, is attached.

I am copying this letter to the Prime Secretaries to the Lord President of the Council, the Home Secretary, the Secretary of State for Employment, the Minister of State (Treasury) and Sir Robert Armstrong.

Yours,

Sonia

SONIA PHIPPARD
Assistant Private Secretary

DRAFT ANNEX B

WRITTEN
MAY 1985

MANAGEMENT AND PERSONNEL OFFICE

No. To ask [Her Majesty's Government] [the Minister for the Civil Service] whether the Government has completed the evaluation of the surveys of the ethnic origins of applicants in Civil Service recruitment schemes held in the North West and the County of Avon; and if he will make a statement.

[LORD GOWRIE] [MR BARNEY HAYHOE]

A report on the surveys is being published today. Copies have been placed in the Library. The surveys covered non-industrial recruitment during March to August 1984. A high response rate was achieved. The proportion of respondents classifying themselves as being of ethnic minority origin was, overall, close to the estimated proportion in the working population as a whole, but was lower for those in the younger age range. Because of the small numbers involved, it was not possible to draw firm conclusions from the results.

Building on this experience, a comprehensive twelve month survey of Executive Officer recruitment will be conducted nationally, starting at the end of this year; there will be a continuing programme of sample surveys in the main areas of departmental recruitment; and there will be a Service-wide study to follow the long term progress of all staff who enter some of the main recruitment grades during 1986. In addition, ways will be explored of giving further encouragement to ethnic minority school leavers, in particular, to apply for Civil Service posts.

[Equal Opportunities Branch]

002/111

File A

FROM: CHIEF SECRETARY
DATE: 21 May 1985

Prime Minister
For information.
MCA 24/5

PRIME MINISTER

CIVIL SERVICE NUMBERS

This minute reports the latest Civil Service Manpower figures.

2 Departments' staff-in-post figures at 1 April 1985 totalled 599,026 - a fall of 20,544 in the last quarter. The total figure represents an overall reduction in the size of the Civil Service of more than 133,000 or 18.2 per cent since the beginning of the last Parliament; and a net saving of over £¾ billion in Civil Service running costs (in a full year at current rates).

3 It also represents a significant improvement on the target figure we set for 1 April 1985 of 603,765 (i.e. the Cmnd. 9428 figure of 606,065 adjusted to take account of the revised MOD target for 1 April 1985 of 174,700: a reduction of 2,300 on the figure we published in the White Paper). The staff-in-post figures show that the target was bettered by some 4,700 representing a shortfall of 0.78 per cent. This is smaller in both numerical and percentage terms than in previous years, reflecting tauter estimating and the squeeze imposed by cash limits.

4 The reduction of 20,544 in the last quarter comprises a decrease of 5,286 non-industrials and 15,258 industrials. It is largely due to the removal of nearly 19,000 staff from the manpower count when the Royal Ordnance Factories were incorporated as a Companies Act company on 2 January. Other significant reductions were achieved in the Ministry of Defence (2,280, mainly due to a recruitment restriction imposed early in the New Year), in the DHSS (800, due to staff reductions in the Regional Organisation) and in the PSA (400, reflecting retirements, resignations and redundancies).

5 There were increases of some 880 in the Department of Employment and around 590 in the Inland Revenue, reflecting a build up in recruitment to bring staff levels up to complement.

6 I propose to announce the April figures shortly by way of a low-key Written Answer.

PR.

PETER REES

Civil Service: Long Term A17

Ka 20

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon The Earl of Gowrie
Chancellor of the Duchy of Lancaster
Management and Personnel Office
Great George Street
LONDON SW1P 3AL

MBPM

20 May 1985

Dear Gowrie,

CIVIL SERVICE COLLEGE: NEXT STEPS ON REPAYMENT

Many thanks for your letter of 15 March and I am very sorry that you have not had an earlier reply.

I agree that in placing the College on the same footing as other institutions in the private and public sectors it will be necessary to examine the extent to which competitors are subsidised. But we do need to take a conscious decision about the need for a subsidy, its level and the form it should take. Although the Business Schools receive Exchequer grants, those of their courses that are comparable with courses run by the College often cover, or more than cover, their full costs: a 5-day residential senior management course at the London Business School was recently advertised at £1,100! And some of the private colleges typically charge at least £500 for an equivalent non-residential course.

I am content for this issue to be tackled in the context of the review of the longer term finance and Vote accounting structures of the College. But I hope you will agree that the review should start in 1985-86 so that any desirable changes can be introduced earlier rather than later.

I am copying this to the recipients of your letter.

Yours
Barney

BARNEY HAYHOE

Civil service; Long term; Pt 17

NRBen
AT 17/5

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522

From the Minister of State for Social Security and the Disabled

The Rt Hon Tom King MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

17 May 1985

xref

Dear Secretary of State,

NON-COMPLIANCE WITH TRADE UNION ACT 1984 AT RUSHOLME (MANCHESTER) ILO

Barney Hayhoe wrote to you on 19 March 1985 giving guidance to departments on the handling of industrial action vis a vis the 1984 Trade Union Act and I am therefore writing to you about a situation at the Department's local office at Rusholme, Manchester.

A Specialist Claims Control Team (SCC) is due to begin a planned thirteen week visit on 20 May 1985. These teams are specialist investigators of suspected fraudulent claims for social security benefit and their activities have always been opposed by the unions. The local CPSA held a meeting on 14 May 1985 to discuss the implications of the visit at which a vote for one day strike action on Monday 20 May was taken. We are uncertain how many of the 99 CPSA grades in the office attended the meeting but the voting, which was by show of hands, was 25 in favour and 13 against. The other union involved, the SCPS, voted today by 28 to 4 not to take supportive action.

One of my officials was subsequently contacted by a CPSA union official in the late afternoon of 16 May who advised that the union's national disputes committee had made the strike official by agreeing to provide strike pay. We believe the union is prepared to continue strike pay for a period of up to two weeks if members at the office decide to continue the strike.

On 17 May officials sought legal advice on the application of the 1984 Trades Union Act. Counsel advised that the Department had a strong case to invoke the Act. However, in view of the apparently limited duration of the industrial action, Counsel advised against an interim ex parte injunction but said that a writ could be issued

E.R.

against the union giving notice of a possible claim for damages if the provisions of the Act were not observed.

We contemplated, and indeed prepared for, the issue of a writ today. Having considered all the implications, however, we decided that it was not good policy to issue the writ today. There were a number of reasons for this decision: the short timescale in which to consult colleagues, the vagueness of the information from the unions, the possible limited duration of the dispute and above all the fact that the CPSA Annual General Conference was still in progress making it impossible for us to contact union officials or judge what we might be doing in relation to CPSA factions.

Clearly, the union is in breach of the 1984 Act and we cannot ignore the law. If the action continues I will be consulting urgently with you on Tuesday with the intention of using the legislation.

I am copying this letter to the Prime Minister, Barney Hayhoe, Sir Michael Havers and Sir Robert Armstrong.

Yours sincerely,

Colin Phillips

TONY NEWTON

(as approved by MS(SS))

cc NO

CABINET OFFICE

From the Chancellor of the Duchy of Lancaster
Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

The Rt Hon Sir Keith Joseph Bt MP
Secretary of State for Education
and Science
Department of Education and Science
Elizabeth House
York Road
LONDON SE1

MBPM

8 May 1985

Dear Keith,

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

Since you last wrote on 30 November, officials have been looking further at the possibilities open to us, and I have received deputations from the SCPS and IPCS. We must now settle this issue, and if we are to preserve any of the momentum left, I must announce our intentions very shortly.

With most of our colleagues, I do, as you know, attach considerable importance to the early introduction of this major reform at Principal level in the Civil Service, to secure the management advantages which we expect to flow from it in the better use of staff and the development of talent. I recognise that these changes would not necessarily apply to all fringe bodies whose pay normally follows the Civil Service. Each case would need to be considered separately, taking account of all the factors involved. I understand that you would expect the Research Councils and the British Museum (Natural History) to argue that it is essential, for staff management reasons, to adopt a change of this kind in Civil Service rules.

The Treasury have been considering again with us the sort of assimilation arrangements for aligning the various pay scales affected which would best suit our respective needs. We had already planned to phase in the pay increases - and thus the costs - involved gradually over a number of years. On current thinking we would extend this period to five years, and the attached note shows the cost of the arrangements we would be

...

aiming at for the Civil Service and Research Council/BM(NH) staff concerned if the changes were carried through there. In the latter case the cost would fall on the Science Budget. (Although the precise terms would be the subject of negotiation with the unions, there is little if any doubt that the final terms would ultimately need to be improsed as on the last occasion in the absence of the agreement of the unions concerned).

This approach would enable us to achieve the rationalisation of the Principal grade level immediately, but at a modest cost spread over five years. Costs in the first year (whatever starting date is finally determined) would be minimal, and would remain very small in the early years. This would ease the burden of funding the reform for the Civil Service departments, as well as for those fringe bodies which decided to follow us. I hope that you can now agree to proceed on this basis.

I would like to make an early announcement that we shall aim to proceed with the unification of grades at Principal level in the Civil Service later this year. If you think it would be helpful, I could add that we recognise that this reform could have implications for a number of fringe body staff, and that their position will need to be considered in the light of the changes taking place in the Civil Service.

A copy of this letter goes to the Prime Minister, the Chancellor of the Exchequer and to Sir Robert Armstrong.

Yours,

GOWRIE

UNIFIED GRADE 7 - ESTIMATED TRANSITIONAL AND LONG-TERM COSTS (AT 1984 PAY RATES)
(Research Councils only)

	DATE OF INTRODUCTION	
	1 October 1985	1 January 1986
Costs in 1985-86	£ 50,000	£ 25,000
Costs in 1986-87	£150,000	£125,000
Costs in 1987-88	£ ¼m	£ ¼m
Costs in 1988-89	£ ¾m	£ ½m
Costs in 1989-90	£1½m	£1¼m
Long-term Annual Costs	£1½m	£1½m

UNIFIED GRADE 7 - ESTIMATED TRANSITIONAL AND LONG-TERM COSTS (AT 1984 PAY RATES)
(Manpower Count Departments only)

	DATE OF INTRODUCTION	
	1 October 1985	1 January 1986
Costs in 1985-86	£150,000	£80,000
Costs in 1986-87	£ ½m	£ ½m
Costs in 1987-88	£ 1m	£ ¾m
Costs in 1988-89	£2¼m	£1¾m
Costs in 1989-90	£4¼m	£3¾m
Costs in 1990-91	£5¼m	£5¼m
Long-term Annual Costs	£4 m	£4 m

Civil Service: Long-Term Policy PART ...

Prime Minister — 2 FCSB

to note that the problem of secondments to the Civil Service before you announced the new legal advice are being 'legitimised' by a blanket amendment to the Order in Council.

Fortunately, part of the period covered is the Labour Government. Also there is no Parliamentary procedure applying to this Order.

FERB 25.4.

CABINET OFFICE

From the Chancellor of the Duchy of Lancaster

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

The Rt Hon Sir Geoffrey Howe QC MP
Foreign and Commonwealth Secretary
Foreign and Commonwealth Office
Whitehall, SW1

22 April 1985

Dear Geoffrey.

CIVIL SERVICE ORDER IN COUNCIL

As you probably know, we have received legal advice, in the context of the appointment of Mr Peter Levene as Chief of Defence Procurement, to the effect that appointments by secondment to the Home Civil Service or Diplomatic Service do not (contrary to what had been thought to be the case) fall outside the ambit of the Civil Service Order in Council 1982 and that the requirements of the Order must be satisfied in relation to secondments as in relation to other appointments.

When the Prime Minister made her announcement, by Written Answer on 18 March, about Mr Levene's appointment, she said that measures were being taken to provide that future secondments are made in compliance with the Civil Service Order in Council and any Regulations made thereunder. The Civil Service Commissioners are considering urgently with the lawyers what it will be necessary to do to provide a legal framework within which future secondments can properly be made. It seems likely that this will involve some amendment of the Civil Service Commission General Regulations 1983 (which are made by the Commissioners with the approval of the Minister for the Civil Service and the Foreign and Commonwealth Secretary). I shall write to you again on this point when the position has been clarified.

The purpose of this letter is to seek your agreement to the attached draft Civil Service Order in Council 1985. The object of the draft is to regularise appointments on secondment terms made by departments, in good faith, between 1 December 1978 and the date of the Prime Minister's announcement on 18 March. The significance of the former

date is that it is the operative date of the 1978 Order in Council, which brought apppointments for a period of less than 5 years within its scope. We have been advised by the Treasury Solicitor that to proceed by way of a further Order would give rise to the least administrative complications.

Apart from future secondments (as I said, I shall be writing about these) and secondments that have already been made, there remains the category of those that are in the pipe-line, ie those for which departments had already started making arrangements on 18 March (and in respect of which commitments will have been entered into) but which had not been finalised at that date, although they may have been since. I have already asked Departments to provide me with details of all such proposals. The Commissioners will then consider urgently how best to deal with them under the 1982 Order in Council and 1983 General Regulations until such time as arrangements for the longer term have been completed.

There is of course a need for the 1985 Order in Council to be made at the first opportunity. The Privy Council meets on 15 May, and papers for that meeting are required to be with the Privy Council Officer by 9 May. I should, therefore, be glad to know by the end of this month whether you are content with the enclosed draft Order.

I am copying this to the Prime Minister and Sir Robert Armstrong.

GOWRIE

THE CIVIL SERVICE ORDER IN COUNCIL 1985

At the Court at _____

THE DAY OF 1985

PRESENT,

THE QUEEN'S MOST EXCELLENT MAJESTY

IN COUNCIL

Whereas by the Civil Service Order in Council 1982 (hereinafter referred to as "the principal Order") (a), provision was made for certifying the qualifications of persons proposed for appointment to situations in Her Majesty's Home Civil Service or Diplomatic Service and for regulating the conduct of Her Majesty's Home Civil Service and the conditions of service therein:

And whereas it is expedient to make additional provision in respect of certain appointments to situations in Her Majesty's Home Civil Service and Diplomatic Service without a certificate of qualification:

Now, therefore, Her Majesty is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:

1. In respect of any appointment on secondment, made on or after 1st December 1978 and before 19 March 1985, to a situation in Her Majesty's Home Civil Service or Diplomatic Service, nothing in the principal Order, or in any Order re-enacted in that Order, shall be taken to require, or to have required :

(a) The principal Order was amended by the Civil Service (Amendment) Order in Council 1985.

(a) that the qualifications of a person proposed for appointment to a situation in Her Majesty's Home Civil Service or Diplomatic Service be approved by the Commissioners; or

(b)] that no person shall, or shall have, been appointed to such a situation until a certificate of qualification has, or had, been issued by the Commissioners.

2. In this Order:

(1) the expression "the Commissioners" means the persons for the time being appointed by Her Majesty in Council to be Her Majesty's Civil Service Commissioners for the purposes of the principal Order;

(2) the expression "appointment on secondment" means an appointment:

(a) the payment of wages, salary or other remuneration in respect of which is, under the terms of any arrangement between the Crown and any other person, made by that other person, whether or not that payment is in whole or in part reimbursable by the Crown under the terms of that arrangement; or

(b) for the period of which the person appointed is released by his employer

or from some or all of his obligations under a partnership agreement, whether or not the person appointed becomes, for the period of the appointment, an employee of the Crown.

3.-(1) This Order may be cited as the Civil Service Order in Council 1985 and shall come into operation on [ ] 1985.

(2) The Interpretation Act 1978(a) shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

G I de Deney.

(a) 1978 c.30.

EXPLANATORY NOTE

(This Note is not part of the Order.)

Under the Civil Service Order in Council 1982 ("the 1982 Order"),

before a person is appointed to a situation in the Home Civil Service or Diplomatic Service the approval by the Civil Service Commissioners of his qualifications and the issue by those Commissioners of a certificate of qualification are required (except in the case of those appointments listed in Article 1(2) of the 1982 Order). The 1982 Order also preserves those requirements of the Civil Service Order in Council 1978 ("the 1978 Order") as they applied to appointments under that Order. This Order provides that in respect of appointments on secondment to the Home Civil Service and the Diplomatic Service made on or after 1st December 19 (the operative date of the 1978 Order) and before 19 March 1985, the approval of qualifications and the issue of a certificate of qualification by the Commissioners were, and are, not required.

cc PRS/10 Downing St
PS/Sir Robert Armstrong

NBPM CF PPS

CABINET OFFICE

From the Chancellor of the Duchy of Lancaster
Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

Austin Mitchell Esq MP
House of Commons
London SW1A OAA

22 April 1985

Dear Mr Mitchell,

You wrote to Sir Robert Armstrong on 20 March about his recent note of guidance on the duties and responsibilities of civil servants in relation to Ministers. Since yourletter raised some highly political questions, I am, with Sir Robert's agreement, replying to it myself.

I am sorry if you found Sir Robert's note of guidance on the duties and responsibilities of civil servants in relation to Ministers confusing. That has to be set against a comment from the Office of Personnel Management in the United States to the effect that the note was "succinct, timely and compelling" and "a declaration of moral and constitutional principles that are as valid for American civil servants as they are for our British counterparts".

I hope that you will not read more into it than was intended. The note was not intended, for example, to echo, or indeed to express any view on, anything in the judge's charge to the jury in the case of Regina versus Ponting. It is not necessary to equate the interests of the state with the interests of the Government of the day in order to disagree (as I do) with your view that Ponting acted properly in what he admitted to having done. Nor was Sir Robert's note, which was essentially a restatement of long-established principles of the public service, intended to be a comprehensive guide to the application of those principles: that would have required a much longer document.

I agree, of course, that some civil servants have special responsibilities, like those of an Accounting Officer. With respect, however, I do not think that that invalidates any of the general principles set out in the note.

I can see no justification whatever for your insulting insinuation that Sir Robert's note can be interpreted as urging on the British Civil Service a role akin to that of the German Civil Service under the Nazis. Indeed, I think that the note of guidance tended in the opposite direction to that.

Sir Peter Middleton's promotion to be Permanent Secretary to the Treasury was not a "double promotion", if by that is meant a promotion which skips a grade: he was a Deputy Secretary at the time of his promotion. The Permanent Secretary to the Treasury is of course paid a somewhat higher salary than that of other Permanent Secretaries, and has three Second Permanent Secretaries working with him. But there are plenty of precedents for such a promotion, and there was nothing unconstitutional about it: indeed, there would have been nothing unconstitutional or without precedent about it if it had been a double promotion. Nor can I accept that he lacks the impartiality required of civil servants: I am sure that Denis Healey would tell you that Sir Peter Middleton served and advised him with the same skill, the same impartiality and the same loyalty that he brings to his present responsibilities. As with other civil servants appointed as Permanent Secretaries in recent years, he was chosen by virtue of his qualifications and experience in relation to the requirements of the post. The facts do not support your contention that the politicisation of the Civil Service has gone further than ever before, and I do not accept it.

There is a recent book entitled [illegible] "politicisation" — read Joel Barnett's admirable book "Inside the Treasury" as [illegible] your [illegible] be cleared up.

GOWRIE

Yours ever,

[illegible]

CIVIL SERVICES : L-T.
Pt 17

Board Room
H M Customs and Excise
King's Beam House
Mark Lane London EC3R 7HE

CONFIDENTIAL

9 April 1985

PS/MINISTER OF STATE

cc PS/Chancellor of the Exchequer
PS/Chief Secretary
PS/Financial Secretary
PS/Economic Secretary
Sir Peter Middleton
Mr Butler No 10

THREATENED "WORK TO RULE"

The Minister will wish to know that the threatened "work to rule" by Customs staff had no apparent effect on passenger traffic over the Easter weekend and there were no delays to passengers at any port or airport. Senior management intervention was therefore not necessary.

Alison French
ALISON FRENCH
Private Secretary

Internal circulation: Mr Knox
Mr Harris
Mr Mechem
Mr Lewis
Mr Child
Press Office

Lite

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Thank you for your minute of 2 April (A085/1027) covering a draft reply to Mr Austin Mitchell MP.

The Prime Minister considers that Mr Mitchell's letter is a highly political one and that it takes advantage of the occasion of your memorandum on the duties and responsibilities of Civil Servants rather than being addressed to it. In the circumstances, therefore, her feeling is that Lord Gowrie should reply to Mr Mitchell's letter.

I am copying this minute to Mr Thomas (Chancellor of the Duchy of Lancaster's Office).

F.E.R.B.

4 April 1985

010

Prime Minister 2

Board Room
H M Customs and Excise
King's Beam House
Mark Lane London EC3R 7HE

CONFIDENTIAL

3 April 1985

MINISTER OF STATE

cc PS/Chancellor of the Exchequer
PS/Chief Secretary
PS/Financial Secretary
PS/Economic Secretary
Sir P Middleton
Mr Butler No 10

X Ref

THREATENED "WORK TO RULE" - CLEARANCE OF PASSENGERS/ ACCOMPANIED CARS

The unions have, as you know, chosen to single out this Department for media scare stories about disruption to Easter travel. They are indeed seeking to whip up support for a "work to rule". (A more accurate description would be "policy of maximum disruption".)

We think we have the situation under control. Over the past several days we have, as a contingency measure, been issuing reminders to our managers at ports and airports about the standard responses to industrial action, supplemented by detailed (secret) instructions advising them that:-

(i) there should be a senior management presence at ports and airports over the entire holiday period;

(ii) should any delays occur, contingent arrangements for increased duty free allowances may be introduced - if this is insufficient authority has been given to Collectors to open up the red and green channels if necessary and simply wave all passengers through;

(iii) as a last resort if, in spite of (ii), staff should still continue to disrupt the movement of passengers, then a greatly accelerated TRD procedure would be used.

I should mention that the same tactics were utilised by the unions at Easter during the 1981 pay dispute. Despite a considerable amount of advance press publicity no problems were in practice encountered.

When the unions' story broke on the news this morning the attached Press Statement was issued which was carried on the BBC Radio 4 8 am news. I attach additional briefing covering some points for supplementaries.

A M F.

A M FRASER

POINTS FOR SUPPLEMENTARIES

Q. If Customs officers are working to rule why should passengers be delayed?

A. If officers apply their instructions passengers will not be delayed. Delays could only be caused by customs officers interpreting some rules in a quite unreasonable way and by totally ignoring others.

Q. How would passengers be delayed?

A. The red/green system of passenger clearance is designed to ensure that there is no undue delay to passengers. If officers apply their instructions then Customs do not expect there to be any disruption to passengers. If delays do occur, special measures will be introduced to minimise the inconvenience.

Q. What are these special measures?

A. I am not prepared to discuss these special measures. Customs have contingency plans that will be brought into use if delays are caused by staff not applying controls in a reasonable manner. Senior managers will be in attendance locally over the Easter holiday period and they will ensure that passengers are not unduly delayed.

PRESS NOTICE 3 APRIL 1985

INDUSTRIAL ACTION BY CUSTOMS STAFF AT PORTS AND AIRPORTS

Civil Service Unions have announced that they will take action that is intended to create delays to passengers.

Industrial action by Customs staff should not affect passengers leaving the country.

INWARD CLEARANCE

HM Customs and Excise wish to make it clear that the red/green system of inward passenger clearance and the instructions to their staff are designed to ensure that there is no undue delay to passengers who only have goods within the duty free allowances and are therefore entitled to use the "green" channel. Should abnormal delays occur in the "red" channel, special measures will be introduced as necessary to minimise the inconvenience. Passengers will be informed on any special arrangements in force but drivers of vehicles are reminded that they should exhibit a red or green sticker to facilitate movement.

Senior staff will be in attendance to see that there is no undue delay to the travelling public.

PRESS ENQUIRIES TO EXTENSIONS 5469, 5470 and 5471

8.81

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

NBPM

I have seen Grey Gowrie's minute of 25 March about a limited Special Early Retirement scheme in 1985/86.

2. I have no objection to his proposal as such. But I should want it to be viewed not as a new scheme but as a continuation of the 1984/85 exercise to which the Treasury gave its agreement on a one-off basis pending the introduction of the proposed revised arrangements for early retirements generally. I confirm that the cost will be met out of the Civil Superannuation Vote up to the stipulated limit in 1985/86 of £1.5 million.

I am copying this minute to Grey Gowrie and to Sir Robert Armstrong and Sir Robin Ibbs.

NL

N.L.

2 April 1985

Civil Service Pt 17

Long Term Policy

FILE

Rcy

10 DOWNING STREET

From the Private Secretary

2 April 1985

MANAGEMENT IN CONFIDENCE

SPECIAL EARLY RETIREMENT

The Prime Minister has seen Lord Gowrie's minute of 25 March. She is content with the proposals for a limited early retirement scheme in 1985/86, as set out in the minute.

I am sending a copy of this letter to Rachel Lomax (HM Treasury), Sir Robert Armstrong and Sir Robin Ibbs (Cabinet Office).

(Mark Addison)

Paul Thomas Esq
Chancellor of the Duchy of Lancaster's Office

ECL

1

Prime Minister

Mr. Mitchell's letter (flag) is highly political and Sir Robert's memorandum is merely the occasion for it. My own feeling is that Lord Gowrie should reply. Agree?

Ref. A085/1027

MR BUTLER

You will remember the note of guidance which I issued, with the Prime Minister's agreement, on 26 February on the duties and responsibilities of civil servants in relation to Ministers.

attached

FORB 3.4 Yes MT

2. I have had a strange letter from Mr Austin Mitchell MP about it. There seem to me to be things in that letter which ought not to go unanswered.

3. I attach a draft of a possible reply.

4. By ordinary standards it is "off-side" for a Member of Parliament to write to a civil servant direct, and for a civil servant to reply. Perhaps an exception should be made in this case, given that the Prime Minister has made it clear that I was issuing the note on my own responsibility (albeit with her agreement). But it could be very easily adapted to a reply from Lord Gowrie, as Minister for the Civil Service, if it was thought preferable that a Minister should reply.

5. I am sending a copy of this minute and of the draft reply to the Private Secretary to the Chancellor of the Duchy of Lancaster.

RTA

ROBERT ARMSTRONG

2 April 1985

DRAFT LETTER FROM SIR ROBERT ARMSTRONG TO AUSTIN MITCHELL ESQ MP, HOUSE OF COMMONS

Thank you for your letter of 20 March. I am sorry if you found my note of guidance on the duties and responsibilities of civil servants in relation to Ministers confusing. That has to be set against a comment from the Office of Personnel Management in the United States to the effect that the note was "succinct, timely and compelling" and "a declaration of moral and constitutional principles that are as valid for American civil servants as they are for our British counterparts".

I hope that you will not read more into it than was intended. The note was not intended, for example, to echo, or indeed to express any view on, anything in the judge's charge to the jury in the case of Regina versus Ponting. I do not believe that it is necessary to equate the interests of the state with the interests of the Government of the day in order to disagree (as I do) with your view that Ponting acted properly in what he admitted to having

RTAAAY

done. Nor was my note, which was essentially a restatement of long-established principles of the public service, intended to be a comprehensive guide to the application of those principles: that would have required a much longer document.

I agree, of course, that some civil servants have special responsibilities, like those of an Accounting Officer. With respect, however, I do not think that that invalidates any of the general principles set out in the note.

I am afraid that I can see no justification whatever for your insinuation that my note can be interpreted as urging on the British Civil Service a role akin to that of the German Civil Service under the Nazis. Indeed, I think that the note of guidance tended in the opposite direction to that.

Sir Peter Middleton's promotion to be Permanent Secretary to the Treasury was not a "double promotion", if by that is meant a promotion which skips a grade: he was a Deputy

RTAAAY

Secretary at the time of his promotion. The Permanent Secretary to the Treasury is of course paid a somewhat higher salary than that of other Permanent Secretaries, and has three Second Permanent Secretaries working with him. But there are plenty of precedents for such a promotion, and there was nothing unconstitutional about it: indeed, there would have been nothing unconstitutional or without precedent about it if it had been a double promotion. Nor can I accept that he lacks the impartiality required of civil servants: I am sure that Mr Healey would tell you that Sir Peter Middleton served and advised him with the same skill, the same impartiality and the same loyalty that he brings to his present responsibilities. As with other civil servants appointed as Permanent Secretaries in recent years, he was chosen by virtue of his qualifications and experience in relation to the requirements of the post. The facts do not support your contention that the politicisation of the Civil Service has gone further than ever before, and I cannot accept it.

RTAAAY

004/110

010

cc/00

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Jopling MP
Minister of Agriculture , Fisheries and Food
Whitehall Place
London
SW1A 2HH

1 April 1985

Dear Michael

NBPM

TRANSFER OF COSTS OF EARLY RETIREMENT TO DEPARTMENTAL VOTES

will request if required

Thank you for your letter of 25 March about the implications for your programme of the changes in responsibility for the costs of early retirement which have recently been agreed at official level.

I proposed reductions in the provision for agricultural R and D and advisory services in last year's Survey because I considered that the direct beneficiaries should bear a higher proportion of the costs. Your officials are, I understand, now considering the scope and mechanisms for increased financial contributions from the agricultural industry, and that you expect to have a report on their conclusion by the beginning of June. At this stage we do not know whether reductions in staff numbers will be required.

If in due course you conclude that, in order to implement the Survey decisions, redundancies in your Department's staff would be required, I accept that this could create difficulties for you, as the changes in responsibility for the costs have been decided since the 1984 Survey. Our officials would need to consider whether the staff reductions could be met by natural wastage and reductions in recruitment, or whether other off-setting savings could be found. However, subject to these conditions, I would be prepared to consider sympathetically an adjustment to your programme in the forthcoming survey if this is necessary to meet the costs of redundancies.

I am sending copies of this letter to the Prime Minister, Willie Whitelaw, George Younger, Douglas Hurd, other members of MISC 106, Sir Robert Armstrong and Sir Robin Nicholson.

Yours ever Peter

PETER REES

Chancellor of the Duchy of Lancaster

Prime Minister.
Content for a more limited early retirement scheme to go ahead for 1985/86, pending the proposals for the introduction of revised arrangements from 1986/87 onwards?
MCA 1/4

PRIME MINISTER

SPECIAL EARLY RETIREMENT

The Special Early Retirement (SER) Scheme, which ended formally on 31 December 1984 was designed as a major and immediate measure to deal with the problem of promotion blockages in the Civil Service. I have been considering the wider problems of promotion blockages and alternative solutions, and I will shortly be in a position to make proposals to you. But in the meantime, I would like to report on the outcome of the SER scheme and to propose measures for 1985 - until longer-term reforms of early retirement can be implemented.

The SER scheme had as its aim the premature retirement in the public interest of senior officers aged 55 or over in order to remove a promotion blockage, particularly where this would expedite the promotion of outstandingly talented younger staff below them. A first-year ceiling of £6 million was placed on the funding of the scheme; it was estimated that this would enable about 100 retirements to be made.

Results of SER

A breakdown of the Scheme's results is shown at Annex A. A total of 99 retirements were approved, and these have resulted directly in just under 400 consequential promotions, an average of about 4 for each retirement. We should be careful, however, not to measure the usefulness of SER purely in terms of one-off promotion statistics; departmental reports on the scheme show that in many cases it was found to be particularly valuable in restricted specialist or fast stream administrative areas which tend to have shorter grading hierarchies than those found in the administration main stream. In general, the scheme succeeded in its main aim of providing opportunities to bring on talented younger staff. This is confirmed by Sir Robert Armstrong's consultation with Permanent Secretaries. They have referred to specific instances of structural or age imbalance problems which the scheme had helped to relieve, and of promising individual officers, often in small, tightly restricted specialist areas, whose promotions were accelerated, sometimes by many years. The great majority of departments favoured further SER type measures. All this leads me to conclude that the 1984 SER programme has made a valuable initial contribution to our attempts to resolve the structural difficulties caused by the rapid contraction of the Civil Service in recent years.

Another Limited SER Scheme

Turning to the question of how the scheme should be followed up, I do not think that another major SER scheme during the next 12 months would be justified. Instead, I would propose

a very much smaller scheme, with provision for about 30 retirements, to cover the financial year 1985/86. The evidence available suggests that a modest provision of this sort should be sufficient to meet any of the most severe cases of individual promotion blockage at senior levels that departments are likely to encounter during this period. A follow-up to the initial scheme of this size would cost some £1.5 million in 1985/86, equivalent to the unspent portion of the original £6 million SER budget. I understand that Treasury officials would be prepared to recommend expenditure from the Superannuation Vote for the purpose within this limit.

Wider Issues

With the decline in Civil Service numbers over the past five years following the very high level of recruitment in the early 1970s, the problems of manpower management, and particularly promotion blockages, are likely to become more acute over the next decade or more. So far as early retirement is concerned the limited SER scheme I am now proposing for 1985/86 will make a small but useful immediate contribution to the problem, and I will shortly make proposals for the introduction of revised arrangements for early retirement generally from 1986/87 with such retirements being financed by employing departments rather than centrally.

But immediately, I recommend that we proceed with a limited scheme as proposed above.

I am sending copies of this minute to the Chancellor of the Exchequer, Sir Robert Armstrong and Sir Robin Ibbs.

J.

GOWRIE
25 March 1985

ANNEX A

RESULTS OF THE 1984 SPECIAL EARLY RETIREMENT SCHEME

A total of 99 retirements were made under the scheme in the following grades:-

Grade 2 (Deputy Secretary)	4
Grade 3 (Under Secretary)	16
Grade 4 (middle executive directing band)	5
Grade 5 (Assistant Secretary)	62
Grade 6 (Senior Principal)	12

The cost of these retirements until the end of 1984 was between £4.3 and £4.4 million, some £3.3 million of which - the cost of the normal superannuation lump sums payable on final retirement in any event - represents the bringing forward of an existing charge on the Exchequer. This cost was substantially below the allocated budget of £6 million.

The total additional cost of the scheme, ie the compensation payable plus the payment of annual pension until those retired prematurely will all have reached 60, will be of the order of £5 million.

010

cc NO

Subject in Royal Dockyards future

Chancellor of the Duchy of Lancaster

PRIME MINISTER

I shall probably be unable to attend E(A) tomorrow due to the passage of the TSB Bill in the House of Lords. So I am writing now with comments on two of the questions raised by ~~C(85)7~~. E(A)(85) 15

First, does the draft consultative document justify our deciding for the commercial management (CM) proposal? I do not find that it does. CM is preferable to the trading fund in theory. But I am not persuaded that it would be much better in practice for some time, not least given the terms we shall (effectively) have to guarantee contractors to attract their interest. Privatisation still seems more attractive in principle, and the best case for CM might only be that it is a useful step down that path.

If, however, colleagues agree that the "commercial management" route advocated by Michael Heseltine is the best way ahead, I think we should consider whether a consultative document is the best way of putting that decision into effect. I do not think it is. I fear that a document such as this will have the effect of stimulating a good deal of hostile criticism and lobbying against the commercial management idea and will not rally many supporters of it to our side. If that fear is well-founded, then would it not be better to publish the Government's decision in a White Paper which puts the case for commercial management more forcefully?

I am copying this to other members of E(A).

G.

GOWRIE
20 March 1985

FROM AUSTIN MITCHELL M.P.

HOUSE OF COMMONS
LONDON SWIA OAA

Ref: AM/LD

20th March, 1985.

Sir Robert Armstrong, G.C.B., M.V.O.,
Secretary to the Cabinet,
70 Whitehall,
LONDON.
S.W.1.

Dear Sir Robert,

The Duties and Responsibilities of Civil Servants in Relation to Ministers

Your Note on this subject is a conundrum. You say with the full weight of your office that the Civil Service as such has no constitutional personality or responsibility separate from the duly elected Government of the day, but if so it is odd that you should be issuing such a Note rather than the Prime Minister as Minister for the Civil Service. Indeed, one wonders why we have a Head of the Home Civil Service at all. Moreover, if the position is really as stated in your Note, then what you are saying is no more and no less than the view of the Government of the day and what they would have us believe. In order words this takes us back to the Judge's opinion in the Ponting case and the Jury decisively rejected that.

I would go along with the proposition that the Civil Service as such has no constitutional personality separate from the Government of the day, but it is quite clear that it has separate responsibilities. One of these is to withold information concerning the policies of previous administrations. Another is to ensure that money is spent only for the purpose for which Supply was granted by Parliament. Nor is it sufficient to say that a Civil Servant should not be required to do anything that is in clear breach of the law; no Civil Servant should be required to do anything which offends against standards of propriety even the most exacting standards. There was even a time when Ministers were expected to write their own speeches, and rightly so. It is ludicrous to use the best brains in the country not to influence policy but to defend the policies developed by second raters.

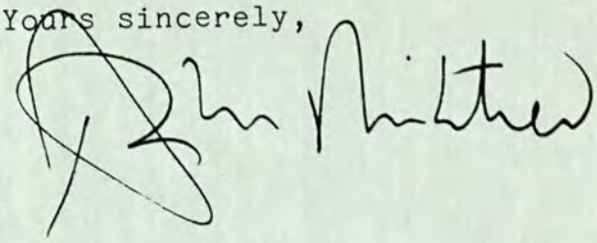
....cont./

The Nazi tyranny might have been stopped early if the German Civil Service had not adopted the role which you are now urging on your own colleagues. The interests of the State go much wider than those of the Government of the day and in serving the interests of the State Clive Ponting quite properly approached a Member of Parliament about the conduct of the Ministers which he regarded as improper. No amount of obsequious verbiage can obscure that. Parliament exists to preserve our liberties and every day that passes warns us of the need for vigilance in that respect. Civil Servants are servants of the Crown and the Crown functions in Parliament and clearly has an interest higher than that of the Government of the day.

What is quite clear is that a change of Government will now require drastic changes at the top of the Civil Service. The way in which Mr. Samuel Brittan and others were campaigning in the Press for the appointment of the present Head of the Treasury indicates that the person concerned could lack the impartiality you say is required from Permanent Officials. Under this Government the politicisation of the senior Civil Service looks from the nature of the appointments to have gone farther than ever before and certainly further than we would ever have dared, inhibited creatures that we are. The double promotion of the Head of the Treasury is also odd. That was once thought to be unconstitutional. Mr. George Brown was indeed told that it could not be done in the case of Sir (as he is now) Ronald Macintosh. What was your advice? Some of us lifted both eyebrows when we heard that Sir Terry Burns had been issued with a Certificate. All things are possible, it seems, to this Administration.

There is no doubt among members of Her Majesty's loyal Opposition that we are now getting a politicised Civil Service which will find it difficult to give advice to a Labour Government.

Yours sincerely,



AUSTIN MITCHELL.

NO

CABINET OFFICE

From the Chancellor of the Duchy of Lancaster

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

Barney Hayhoe Esq MP
Minister of State
HM Treasury
Parliament Street
London SW1

NBpm
MCA 18/3

15 March 1985

Dear Barney,

CIVIL SERVICE COLLEGE: NEXT STEPS ON REPAYMENT

Thank you for your letter of 9 March.

Negotiations with departments to settle the Public Expenditure Survey transfers are, as you say, well in hand and will be completed by the deadline which your officials set for mine - 19 not 15 March, incidentally. I imagine, however, that any small adjustments within the total to be transferred can be accommodated after that date, should this prove necessary.

I agree, of course, that extra money cannot be made available should any retreat to central funding be needed.

I cannot agree, however, that we should consider, at this stage, any diminution, let alone removal, of the payment from the Cabinet Office (Management and Personnel Office) to the College for accommodation charges. That payment provides the bulk of the basic Property Repayment Service (PRS) rental for the College's two sites, but not the PRS maintenance, new works or utilities. To remove it would certainly not place the College on the same competitive footing as other institutions in the private and public sectors: rather it would put the College at a disadvantage. The "subsidies" received by, for example, the London Business School and similar competing institutions in the private sector are in much the same proportion as those at the College and often relate to the costs of accommodation in the same way. Moreover so long as the College remains part of the central

government machine, it is constrained in the training it offers, and the customers it attracts, and thus the income it generates because of its wider responsibilities in central Civil Service management. The issue of the central accommodation payment needs to be tackled in the context of the longer term financial and Vote accounting structure of the College, which our officials will be discussing. But I want to get full repayment under way first.

I am copying this to the Prime Minister, Ministers in charge of departments and Sir Robert Armstrong.

Yours,
T/Ry

GOWRIE

CIVIL SERVICE : L-T Pt 17

MJ2 AFD

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Thank you for your minute of 14 March (A085/784) about the proposal of the Chairman of the Manpower Services Commission to launch a Job Centre Manager of the Year Award. The Prime Minister is content that this scheme should go ahead, subject to the Chairman of the MSC being satisfied that it is proof against the criticism referred to in paragraph 6 of your minute. The Prime Minister shares your view that this risk is not very great.

E. E. R. BUTLER

15 March 1985

ECU

Prime Minister
Content with this provided that the Chairman of MSC is satisfied about the point at x| ?
FERB
14.3.

Ref. A085/784

MR BUTLER

The Chairman of the Manpower Services Commission (MSC) is proposing to launch a Job Centre Manager of the Year Award. The purpose of the scheme is to maintain progress in the improvement of productivity in Job Centres. The selection criteria and procedures will be stringent, based on performance, with cost consciousness, ability to innovate and capacity to manage effectively among the factors taken into account.

2. The winner (and his wife) will spend a week overseas (most probably in North America), with opportunities to study the public employment service while there.

3. The Chairman of the MSC is asking Trust House Forte and British Airways to sponsor the competition and finance the winner's "prize". Sponsors would be represented on the selection panel.

4. I have been asked to consider whether this would transgress the rules on acceptance of gifts by public servants.

5. I understand that schemes of this kind are common in the private sector, but I know of no precedent in the public service.

6. The question is whether the acceptance of the prize would put the winner under an obligation to the sponsors. It seems to me that it would not do so. The sponsorship is for MSC, rather than for the individual, and the individual will not be able to influence the selection by means of favours to the sponsoring companies. There is some risk, perhaps, of ill-disposed criticism to the effect that the sponsors might get preferential treatment from Job Centres or from other services of the MSC. I do not myself rate this risk very high, but we

x|

nor do I MT

should ask the Chairman of the MSC to assess it. If he is prepared to run the risk, I do not think that there is anything in the rules on acceptance of gifts which need lead us to say that he should not proceed.

RCA

ROBERT ARMSTRONG

14 March 1985

2 PPS

CC NO

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

11 March 1985

Dear Grey,

CIVIL SERVICE COLLEGE - NEXT STEPS ON REPAYMENT

Thank you for sending me a copy of your letter to Leon Brittan of 14 February explaining why you now intend to introduce full repayment for all College training from 1 April 1986.

I appreciate the difficulties which would have faced us if repayment was to be introduced in two stages and I am content with what you now propose subject, of course, to a suitable PES transfer.

I am copying this letter to the Prime Minister, Ministers in charge of Departments, and Sir Robert Armstrong.

Yours ever
Patrick

PATRICK JENKIN

The Lord Gowrie

Civil Service Pt 17

Long Term Policy

CC NO

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon The Earl of Gowrie
Chancellor of the Duchy of Lancaster
Management and Personnel Office
Great George Street
LONDON SW1P 3AL

9th March 1985

Dear Grey,

CIVIL SERVICE COLLEGE: NEXT STEPS ON REPAYMENT

I have seen a copy of your letter of 14 February to Leon Brittan reporting the current position on the proposal to move the bulk of College developmental training to repayment.

I am content for this move to take place in one step on 1 April 1986 provided that the transfers of funds from Cabinet Office (MPO)'s to departments' PES baselines (which I understand your officials have well in hand) are settled by 15 March. This will be necessary to ensure that the transfers are reflected in departments' initial PES baselines for the 1985 Survey.

If some retreat to central funding is considered it must be on the basis that the cost to Cabinet Office (MPO) would have to be covered by a claw-back of funds from customer departments; there would be no question of any extra money being made available.

I understand that even when the present proposals are implemented the College will get about a quarter of its income in a subsidy on overheads from the MPO. I should like to see these costs also recovered from user Departments in order to place the College on the same competitive footing as other institutions in the private and public sectors. I hope you will agree that your officials and mine should report to us on the details of this in good time for the removal of the subsidy after 1986-87.

I am copying this to the recipients of your letter.

Yours

BARNEY HAYHOE

Civil Service ft 17

Long Term Policy

QUESTS. NO'

N CIVIL SERVICE MANPOWER AND PAY

1. Size of civil service

Government's target of 630,000 by 1 April 1984 was achieved and, indeed, improved on. At 1 October numbers had fallen to 617,200. Brings reduction to more than 115,000 - or 15.7 per cent - since beginning of last Parliament; and saves around £750 million net on CS pay bill (in full year at current rates). By 1988, Civil Service will have been reduced by one-fifth.

2. How have savings been achieved?

Improvements in efficiency, greater use of new technology, cutting out unnecessary work, and by privatisation and contracting out. Productivity gains made, sometimes hand in hand with improvements in levels of service - eg in transport, waiting time for driving tests has been reduced, despite fewer staff. Policy is to retain within Civil Service only work which must be done there, or which can be done more efficiently and effectively there.

3. Progress on reducing civil service manpower policy after 1984?

Revised manpower plans published 22 January in 1985 PEWP (Vol II Table 2.17) provide for further overall net reduction of 2,300 on previously published figure (in 1984 PEWP), reducing size of civil service to about 590,000 by 1 April 1988. (Within overall reduction, contingency margin increased by 2,500 to give additional measure of flexibility and cover for unforeseen demands.)

4. Improving management of public money (FMI)?

PM has announced (19 November 1984 WA col 57) new programme building on Financial Management Initiative to secure real and early improvements in value-for-money in 'quangos'.

5. Efficiency Unit's CIR report?

[Consultancy, Inspection and Review Services in Government Departments: Efficiency Unit's Report to the PM]

PM endorsed report on 4 December [WA col 126]. Will be followed up by Ministers and Permanent Secretaries with assistance from new Joint Management Unit (see 6 below).

6. Joint Management Unit

Appointment of Mrs Valerie Strachan announced on 7 January (by Press Notice from Cabinet Office (MPO) and Treasury) to head new unit designed to support senior management of the two central Departments in carrying forward programme of management reforms. Succeeds Financial Management Unit, but one of first tasks will be helping to implement CIR report (see 5 above).

form part of review. But no recommendations made, and LAs have been asked openly to comment on the document. [Further questions should be referred to DOE or Welsh Office as appropriate.]

2.6 Audit Commission report on Capital Control System

Audit commission is to release imminently a report of its investigations into LA capital control system. Government's reaction to this report will of course be made known once it has been published.

RE-ORGANISATION

3.1 Cost/savings of reorganisation?

[Explanatory and Financial Memorandum to Local Government Bill gave figures of savings of order of £100 million (achievable by removing one tier of local government), with further savings to arise as successor authorities carry out services more economically. Transitional costs largely in 1986-87, largest component being estimated £40 million for compensation to staff.]

White Paper explained that reorganisation will save money after some transitional costs. Ultimate savings will be determined by way in which boroughs and districts react to their new responsibilities. Ministers will control precepts (income) of new joint boards and will have power to specify levels of manpower and of manpower expenditure in order to ensure they are set up on efficient basis.

Source: LG1 Division

7. Multi Departmental Review of Budgeting

Treasury Accountancy Adviser (Mr Wilson) has been asked to head a multi-Departmental review of budgeting in Government Departments. Will be carried out on usual scrutiny lines during 1985.

8. Civil Service pay assumption for 1985-86?

See L 3.1.

9. Civil service pay negotiations 1985 - unions' claims

Pay claims only just received end January beginning of February. Very broadly, claims are for 15 per cent and/or £15 per week minimum increases, and minimum wage of £100 a week. Claims now being discussed with unions; each claim will be considered carefully in light of arguments put forward to support it, and other relevant considerations. These include: position on recruitment and retention in civil service, cost and affordability, movements in pay elsewhere, and other claims submitted.

10. Megaw Report on civil service pay

Discussions on longer term pay arrangements, based on recommendations of Megaw report on pay of non-industrial civil servants, took back seat to 1984 pay negotiations. Many difficulties remain to be resolved, including future arrangements for arbitration, question of transitional period before a Megaw system could begin, and scope and nature of 'constraints' that might operate. Government nevertheless ready to carry on trying to reach a long term agreement.

11. Government proposals on 'performance bonuses'

Government announced on 5 December an experimental scheme under which individual members of staff in certain grades will have chance to earn bonus payments as a reward for particularly good performance. [Questions should be addressed to MPO.]

12. Future pay arrangements for industrial civil servants?

Unions representing industrial grades were told at time of Megaw Inquiry that discussions would be held with them on how principles emerging from Megaw might apply to them. Government has not entered into any commitments but informal preliminary discussions are taking place.

Source: Manpower 1/Pay 1, 2 and 3/FM Divisions

H M TREASURY

OFFICE NOTICE

ON(GENERAL)(85)19

26 February 1985

THE DUTIES AND RESPONSIBILITIES OF CIVIL SERVANTS IN RELATION TO MINISTERS

I draw the attention of staff to the enclosed note which Sir Robert Armstrong has issued today, after consulting Permanent Secretaries. It gives guidance on the duties and responsibilities of civil servants in relation to Ministers.

2. The Prime Minister has announced the issue of this note in a Written Answer. She has said:

> "The Head of the Home Civil Service, after consulting Permanent Secretaries, has today issued, with my consent, a note of guidance restating the duties and responsibilities of Civil Servants in relation to Ministers. A copy of it is annexed to this Answer.
>
> The note does not and cannot discuss the corresponding responsibilities which Ministers have in relation to Civil Servants. Civil Servants who carry out their duties and responsibilities in the manner described in the note by the Head of the Home Civil Service are entitled to the trust, respect and support of Ministers. In the end it is Ministers who bear responsibility for the policies and decisions of Government; but no competent Minister wants his Civil Servants to tailor their advice to what they think the Minister wants to hear. My colleagues and I have a very high opinion of the general quality of the advice and service we receive from the Civil Service."

PETER MIDDLETON

THE DUTIES AND RESPONSIBILITIES OF CIVIL SERVANTS IN RELATION TO MINISTERS

Note by the Head of the Home Civil Service

During the last few months a number of my colleagues have suggested to me that it would be timely to restate the general duties and responsibilities of civil servants in relation to Ministers. Recent events, and the public discussion to which they have given rise, have led me to conclude that the time has come when it would be right for me, as Head of the Home Civil Service, to respond to these suggestions. I am accordingly putting out the guidance in this note. It is issued after consultation with Permanent Secretaries in charge of Departments, and with their agreement.

2. Civil servants are servants of the Crown. For all practical purposes the Crown in this context means and is represented by the Government of the day. There are special cases in which certain functions are conferred by law upon particular members or groups of members of the public service; but in general the executive powers of the Crown are exercised by and on the advice of Her Majesty's Ministers, who are in turn answerable to Parliament. The civil service as such has no constitutional personality or responsibility separate from the duly elected Government of the day. It is there to provide the Government of the day with advice on the formulation of the policies of the Government, to assist in carrying out the decisions of the Government, and to manage and deliver the services for which the Government is responsible. Some civil

RTAAAU

servants are also involved, as a proper part of their duties, in the processes of presentation of Government policies and decisions.

3. The civil service serves the Government of the day as a whole, that is to say Her Majesty's Ministers collectively, and the Prime Minister is the Minister for the Civil Service. The duty of the individual civil servant is first and foremost to the Minister of the Crown who is in charge of the Department in which he or she is serving. It is the Minister who is responsible, and answerable in Parliament, for the conduct of the Department's affairs and the management of its business. It is the duty of civil servants to serve their Ministers with integrity and to the best of their ability.

4. The British civil service is a non-political and disciplined career service. Civil servants are required to serve the duly elected Government of the day, of whatever political complexion. It is of the first importance that civil servants should conduct themselves in such a way as to deserve and retain the confidence of Ministers, and as to be able to establish the same relationship with those whom they may be required to serve in some future Administration. That confidence is the indispensable foundation of a good relationship between Ministers and civil servants. The conduct of civil servants should at all times be such that Ministers and potential future Ministers can be sure that that confidence can be freely given, and that the civil service will at all times conscientiously fulfil its duties and obligations to, and impartially assist, advise and carry out the policies of, the duly elected Government of the day.

5. The determination of policy is the responsibility of the Minister (within the convention of collective responsibility of the whole Government for the decisions and actions of every member of it). In the determination of policy the civil servant

has no constitutional responsibility or role, distinct from that of the Minister. Subject to the conventions limiting the access of Ministers to papers of previous administrations, it is the duty of the civil servant to make available to the Minister all the information and experience at his or her disposal which may have a bearing on the policy decisions to which the Minister is committed or which he is preparing to make, and to give to the Minister honest and impartial advice, without fear or favour, and whether the advice accords with the Minister's view or not. Civil servants are in breach of their duty, and damage their integrity as servants of the Crown, if they deliberately withhold relevant information from their Minister, or if they give their Minister other advice than the best they believe they can give, or if they seek to obstruct or delay a decision simply because they do not agree with it. When, having been given all the relevant information and advice, the Minister has taken a decision, it is the duty of civil servants loyally to carry out that decision with precisely the same energy and good will, whether they agree with it or not.

6. Civil servants are under an obligation to keep the confidences to which they become privy in the course of their official duties; not only the maintenance of trust between Ministers and civil servants but also the efficiency of government depend on their doing so. There is and must be a general duty upon every civil servant, serving or retired, not to disclose, in breach of that obligation, any document or information or detail about the course of business, which has come his or her way in the course of duty as a civil servant. Whether such disclosure is done from political or personal motives, or for pecuniary gain, and quite apart from liability to prosecution under the Official Secrets Acts, the civil servant concerned forfeits the trust that is put in him or her as a servant of the Crown, and may well forfeit the right to continue in the service. He or she also undermines the

confidence that ought to subsist between Ministers and civil servants and thus damages colleagues and the Service as well as him or herself.

7. The previous paragraphs have set out the basic principles which govern civil servants' relations with Ministers. The rest of this note deals with particular aspects of conduct which derive from them, where it may be felt that more detailed guidance would be helpful.

8. A civil servant should not be required to do anything unlawful. In the very unlikely event of a civil servant being asked to do something which he or she believes would put him or her in clear breach of the law, the matter should be reported to a superior officer or to the Principal Establishment Officer, who should if necessary seek the advice of the Legal Adviser to the department. If legal advice confirms that the action would be likely to be held to be unlawful, the matter should be reported in writing to the Permanent Head of the department.

9. Civil servants often find themselves in situations where they are required or expected to give information to a Parliamentary Select Committee, to the media, or to individuals. In doing so they should be guided by the general policy of the Government on evidence to Select Committees and on the disclosure of information, by any specifically departmental policies in relation to departmental information, and by the requirements of security and confidentiality. In this respect, however, as in other respects, the civil servant's first duty is to his or her Minister. Ultimately the responsibility lies with Ministers, and not with civil servants, to decide what information should be made available, and how and when it should be released, whether it is to Parliament, to Select Committees, to the media or to individuals. It is not acceptable for a serving or former civil servant to seek to frustrate policies or

decisions of Ministers by the disclosure outside the Government, in breach of confidence, of information to which he or she has had access as a civil servant.

10. It is Ministers and not civil servants who bear political responsibility. Civil servants should not decline to take, or abstain from taking, an action merely because to do so would conflict with their personal opinions on matters of political choice or judgment between alternative or competing objectives and benefits; they should consider the possibility of declining only if taking or abstaining from the action in question is felt to be directly contrary to deeply held personal conviction on a fundamental issue of conscience.

11. A civil servant who feels that to act or to abstain from acting in a particular way, or to acquiesce in a particular decision or course of action, would raise for him or her a fundamental issue of conscience, or is so profoundly opposed to a policy as to feel unable conscientiously to administer it in accordance with the standards described in this note, should consult a superior officer, or in the last resort the Permanent Head of the department, who can and should if necessary consult the Head of the Home Civil Service. If that does not enable the matter to be resolved on a basis which the civil servant concerned is able to accept, he or she must either carry out his or her instructions or resign from the public service - though even after resignation he or she will still be bound to keep the confidences to which he or she has become privy as a civil servant.

ROBERT ARMSTRONG

Cabinet Office

25 February 1985

RTAAAU

JR

10 DOWNING STREET

From the Private Secretary

25 February 1985

CIVIL SERVICE NUMBERS

This is simply to record that the Prime Minister has seen and noted the Chief Secretary's minute of 21 February, in which he gave the latest Civil Service manpower figures.

(DAVID BARCLAY)

Richard Broadbent Esq.,
HM Treasury.

67

CS Long Term

nbpm

DMB 26/2

CABINET OFFICE

From the Chancellor of the Duchy of Lancaster

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

The Rt Hon Lord Hailsham of
St Marylebone CH FRS DL
Lord Chancellor
House of Lords
London SW1

22 February 1985

Dear Quintin,

I am writing to let you know of a new senior staff course, known as the Top Management Programme, which we have established for those expected to rise to top posts in the Civil Service. The course will last for six weeks, and a key element will be a mixed phase of four weeks designed to bring together top managers of the highest potential, in roughly equal numbers, from the public and private sectors. There has already been a very encouraging response from industry. The enclosed booklet describes the objectives and arrangements for the course in some detail.

The first course has just started and there will be two more in 1985 and four in a full year. Participants from the Civil Service will attend at about the point of promotion to Grade 3 (Under Secretary) and, where possible, between appointments. If participants are to derive the full benefit from the course it is very important that their attendance should not be interrupted by other demands.

The success of the programme will depend very greatly on Departments' commitment to it. I hope therefore that colleagues will be able to give this course their full support and ensure that its importance in developing the next generation of Civil Service leaders is borne in mind when considering senior staff appointments.

I am sending copies of this letter to other members of the Cabinet.

Yours,
Gowrie

GOWRIE

Ref. A085/541

PRIME MINISTER

Duties and Responsibilities of Civil Servants in Relation to Ministers

Mr Butler's minute of 13 February conveyed your comments on my minute of 12 February (A085/474) and on the draft note of guidance attached to it.

2. I have now recast the note of guidance in the light of comments from Permanent Secretaries (including the Treasury Solicitor). I attach a revised draft accordingly.

3. I have also cleared the references to the Crown with Sir Philip Moore.

4. I think, and my Permanent Secretary colleagues agree, that, now that the Ponting trial and the Parliamentary debate are out of the way, the note should be issued as soon as possible. If you are content with it, I therefore propose as follows:

1. On Monday 25 February I should send advance copies to all Cabinet Ministers, letting them know that I had informed you that I proposed to issue the note, and that you had told me that you were content for me to do so and agreed with what it said.

2. On Tuesday 26 February:

a. I should write formally to Permanent Secretaries sending the note and inviting them to disseminate it;

b. you should answer the arranged Question;

c. I should send the Clerk of the Treasury and Civil Service Committee copies of the note;

d. the Cabinet Office (MPO) Press Office should give copies of the note to interested journalists.

--- 5. I attach a draft Written Question and Answer. You will see that I suggest that you should make it clear that the initiative comes from me, and that you are content that I should put the note out and you agree with what it says. I also suggest that you might say something about the responsibilities of Ministers in relation to civil servants. If you felt able to say something like this, it would help to counter the impression given in recent television and radio programmes that some Ministers are apt to disregard advice which they do not want to hear, and perhaps even to penalise those who give it. And, as a counterpart to my own note, I believe that it would be a tremendous boost to the morale of the higher Civil Service. I know that I speak for all my Permanent Secretary colleagues in expressing the strong hope that you will feel able to say something on these lines.

6. I am sending copies of this minute and the annexes to the Lord President, the Chancellor of the Exchequer, the Secretary of State for Defence, the Lord Privy Seal, the Chancellor of the Duchy of Lancaster and the Attorney General.

ROBERT ARMSTRONG

22 February 1985

DRAFT OF 22 FEBRUARY 1985

THE DUTIES AND RESPONSIBILITIES OF CIVIL SERVANTS IN RELATION TO MINISTERS

Note by the Head of the Home Civil Service

During the last few months a number of my colleagues have suggested to me that it would be timely to restate the general duties and responsibilities of civil servants in relation to Ministers. Recent events, and the public discussion to which they have given rise, have led me to conclude that the time has come when it would be right for me, as Head of the Home Civil Service, to respond to these suggestions. I am accordingly putting out the guidance in this note. It is issued after consultation with Permanent Secretaries in charge of Departments, and with their agreement.

2. Civil servants are servants of the Crown. For all practical purposes the Crown in this context means and is represented by the Government of the

day. There are special cases in which certain functions are conferred by law upon particular members or groups of members of the public service; but in general the executive powers of the Crown are exercised by and on the advice of Her Majesty's Ministers, who are in turn answerable to Parliament. The civil service as such has no constitutional personality or responsibility separate from the duly elected Government of the day. It is there to provide the Government of the day with advice on the formulation of the policies of the Government, to assist in carrying out the decisions of the Government, and to manage and deliver the services for which the Government is responsible. Some civil servants are also involved, as a proper part of their duties, in the processes of presentation of Government policies and decisions.

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is the Minister who is responsible, and answerable in Parliament, for the conduct of the Department's affairs and the management of its business. It is the duty of civil servants to serve their Ministers with integrity and to the best of their ability.

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Minister has taken a decision, it is the duty of civil servants loyally to carry out that decision with precisely the same energy and good will, whether they agree with it or not.

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between Ministers and civil servants and thus damages colleagues and the Service as well as him or herself.

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9. Civil servants often find themselves in situations where they are required or expected to

give information to a Parliamentary Select Committee, to the media, or to individuals. In doing so they should be guided by the general policy of the Government on evidence to Select Committees and on the disclosure of information, by any specifically departmental policies in relation to departmental information, and by the requirements of security and confidentiality. In this respect, however, as in other respects, the civil servant's first duty is to his or her Minister. Ultimately the responsibility lies with Ministers, and not with civil servants, to decide what information should be made available, and how and when it should be released, whether it is to Parliament, to Select Committees, to the media or to individuals. It is not acceptable for a serving or former civil servant to seek to frustrate policies or decisions of Ministers by the disclosure outside the Government, in breach of confidence, of information to which he or she has had access as a civil servant.

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with their personal opinions on matters of political choice or judgment between alternative or competing objectives and benefits; they should consider the possibility of declining only if taking or abstaining from the action in question is felt to be directly contrary to deeply held personal conviction on a fundamental issue of conscience.

11. A civil servant who feels that to act or to abstain from acting in a particular way, or to acquiesce in a particular decision or course of action, would raise for him or her a fundamental issue of conscience, or is so profoundly opposed to a policy as to feel unable conscientiously to administer it in accordance with the standards described in this note, should consult a superior officer, or in the last resort the Permanent Head of the department, who can and should if necessary consult the Head of the Home Civil Service. If that does not enable the matter to be resolved on a basis which the civil servant concerned is able to accept, he or she must either carry out his or her

instructions or resign from the public service - though even after resignation he or she will still be bound to keep the confidences to which he or she has become privy as a civil servant.

DRAFT PARLIAMENTARY QUESTION AND ANSWER

To ask the Prime Minister, what further guidance is being given to civil servants about their duties and responsibilities in relation to Ministers.

DRAFT ANSWER

A fortnight ago the Head of the Home Civil Service told me that he had in mind, once the Ponting case was no longer sub judice, to issue a note of guidance restating the duties and responsibilities of civil servants in relation to Ministers. I told him that I should be content for him to do so, and that I agreed with what he was intending to say. He has issued his note today; a
--- copy of it is annexed to this answer.

The note is about the duties and responsibilities of civil servants in relation to Ministers. What it does not and cannot discuss are the responsibilities which Ministers have in relation to civil servants. Civil servants who carry out their duties and responsibilities in the manner described in the note by the Head of the

Home Civil Service are entitled to the trust, respect and support of Ministers. Ministers have a responsibility to take due account of information and advice given to them by their civil servants in good faith, and not to find fault with an adviser for giving honest and impartial advice just because it happens not to coincide with their own views. In the end, of course, it is for Ministers, who carry the responsibility, to make up their own minds, and they are free to act otherwise than advised if they think it right to do so. But no responsible and competent Minister wants his civil servants to be yes-men, or to tailor their advice to what they think the Minister wants to hear. Indeed, my colleagues and I greatly value the general quality of the advice and service we receive from the civil service.

004/105

CCBT

CNO

FROM: CHIEF SECRETARY
DATE: 21 February 1985

PRIME MINISTER

Prime Minister (2)

To note. DMB 22/2

CIVIL SERVICE NUMBERS

This minute reports the latest Civil Service Manpower figures.

Departments' staff-in-post figures at 1 January 1985 totalled 619,570. The total figure represents an overall reduction in the size of the Civil Service of more than 112,700 or 15.4 per cent since the beginning of the last Parliament but an increase of 2,400 during the last quarter.

3 The increase during the last quarter was expected. It was due to a rise of around 3,500 in the DHSS Regional Organisation to deal with the backlog generated by the industrial dispute at the Newcastle Central Office. Another factor was the higher level of recruitment by some departments during the quarter, who were waiting for school leavers to come on to the market with 'O' and 'A' levels.

4 The net increase of 2,400 in the last quarter comprises an increase of 3,119 non-industrials and a reduction of 719 industrials. Increases other than DHSS were in Customs and Excise (200, reflecting, mainly more staff to combat drug smuggling)and in the Royal Ordnance Factories (180, mainly as a result of increased workload at Radway Green Small Arms Division). There were reductions of 1,160 in the Ministry of Defence and of 230 in the Property Services Agency.

5 The next quarterly figure will show a big fall, because the Royal Ordnance Factories were incorporated as a Companies Act company on 2 January, and will be removed from the manpower count. The 1 April 1985 target of 606,000 will be met.

6 The reduction in Civil Service numbers since 1979 produces a gross saving in pay costs in a full year of about £1 billion at current rates. The net saving, after taking account of the costs of services contracted out to the private sector is £750 million.

7 I will announce the January figures shortly by way of a low key written answer.

for PETER REES

[Approved by the Chief Secretary]

da

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

The Duties and Responsibilities of Civil Servants

The Prime Minister discussed with you this morning the question which she had raised about her position in relation to the proposed document submitted under your minute of 12 February, if it was decided that such a document should be issued. You suggested, and the Prime Minister agreed, that the Prime Minister would need to say that you had consulted her about the document and she agreed both with the decision to issue it and its contents. But it would be made clear that you had taken the initiative as Head of the Home Civil Service.

You said that you would be submitting a further version of the document to the Prime Minister after her return from the United States.

I am copying this minute to Miss Lewis-Jones (Lord President's Office), Mrs. Lomax (HM Treasury), Mr. Taylor (Home Office), Mr. Morris (Lord Privy Seal's Office), Mr. Thomas (Chancellor of the Duchy of Lancaster's Office), Mr. Mottram (Ministry of Defence) and Mr. Steel (Attorney General's Office).

15 February 1985

JR

NBPM

Ref. A085/517

MR BUTLER

Duties and Responsibilities of Civil Servants

Thank you for your minute of 13 February.

2. I attach the latest revision of the draft note, an earlier draft of which I sent you on 12 February.

3. You will see that the latest draft omits from the first paragraph the words "in my own responsibility".

4. As you say, if such a note was issued, the Prime Minister would be likely to be questioned about it. I hope that she would be able to agree to say that it was a note issued by the official Head of the Home Civil Service but that she had been consulted before it was issued, that she agreed that it should be issued, and that she agreed with what it contained.

5. I think that it would greatly enhance the value of the operation if the Prime Minister felt able to go on and say something about the reciprocal responsibilities of Ministers in their relations with civil servants. If I may, I will give more thought to this, and come up with some ideas for the Prime Minister's consideration.

RCA

ROBERT ARMSTRONG

15 February 1985

DRAFT OF 15 FEBRUARY 1985

THE DUTIES AND RESPONSIBILITIES OF CIVIL SERVANTS

Note by the Head of the Home Civil Service

During the last few months a number of people have suggested to me that it would be timely to restate the general duties and responsibilities of civil servants in relation to Ministers. I have decided that the time has come when it would be right to respond to these suggestions. I am accordingly putting out the guidance in this note.

2. Civil servants hold office under the Crown, and are servants of the Crown.

3. In its capacity as the executive arm of the state, the Crown acts on the advice of The Queen's Government. For all practical purposes "the Crown" in this context means and is represented by the Government of the day. The civil service has no constitutional personality or responsibility

separate from the duly elected Government of the day; it is not a separate estate of the realm. It is the main instrument available to the Government of the day for obtaining advice on the formulation of the policies of the Government, for giving effect to decisions of the Government, and for managing and delivering the services for which the Government is responsible. Some civil servants are also involved, as a proper part of their duties, in the processes of presentation of Government policies and decisions.

4. In an institutional sense, the civil service serves the Government of the day as a whole, that is to say Her Majesty's Ministers collectively, and the Prime Minister is the Minister for the Civil Service. The duty of the individual civil servant is first and foremost to the Minister of the Crown who is in charge of the Department in which he or she is serving*. It is the Minister who is

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* There are special cases, such as the Boards of Inland Revenue and Customs and Excise, in which responsibility for a Department is vested in a body of commissioners who are themselves appointed by or on the advice of a Minister; but the principle still applies.

responsible, and answerable in Parliament, for the conduct of the Department's affairs and the management of its business. It is the duty of civil servants to serve their Minister with integrity and to the best of their ability.

5. The British civil service is a non-political career service. Civil servants are required to serve the duly elected Government of the day, of whatever political complexion. It is of the first importance that civil servants should so conduct themselves as to deserve and retain the confidence of those whom they serve as Ministers and of those whom they may be required to serve in some future administration. That confidence is the indispensable foundation of a good relationship between Ministers and civil servants. The conduct of civil servants should at all times be such that Ministers and potential future Ministers can be sure that that confidence can be freely given, and that civil servants will at all times conscientiously fulfil their duties and obligations to the duly elected Government of the day. Only if their conduct is of this character are they entitled to expect the trust and respect of Ministers.

6. The determination of policy is the responsibility of the Minister (within the convention of collective responsibility of the whole Government for the decisions and actions of every member of it). In the formulation of policy the civil servant has no constitutional responsibility or role , distinct from that of the Minister. It is the duty of the civil servant to make available to the Minister all the information and experience at his or her disposal which may have a bearing on the policy decisions to which the Minister is committed or which he is preparing to make. It is the duty of the civil servant to advise the Minister honestly and impartially, without fear or favour, and whether the advice accords with the Minister's initial view or not, on the options available, the implications of each of them and of the choices between them, and the manner in which and the means by which any decision may best be given effect. Civil servants are in breach of their duty to their Minister, and of their integrity as servants of the Crown, if they deliberately withhold relevant information from their Minister, or if they give their Minister other advice than the best they believe they can

give, or if they seek to obstruct or delay a decision simply because they do not agree with it. When, having been given all the relevant information and advice, the Minister has taken a decision, it is the duty of civil servants loyally to carry out that decision with precisely the same energy and good will, whether they agree with it or not.

7. Civil servants are under an obligation to keep the confidences of their Minister; and the maintenance of trust between Ministers and civil servants depends on their doing so. There is and must be a general duty upon every civil servant not to breach that trust by passing on, to someone not authorised or entitled to receive it, any document or information or detail about the course of business, which has come his or her way in the course of duty as a civil servant. Whether unauthorised disclosure is done from political or personal motives, or for pecuniary gain, the civil servant concerned forfeits the trust placed on him when he accepts employment, may well forfeit the right to continue in the service, and also undermines the confidence that ought to subsist between Ministers and their civil servants, and

thus damages his colleagues, the Service, and the national interest in the retention of the sort of Service we have, as well as him or herself.

8. The previous paragraphs have set out the basic principles which govern civil servants' relations with Ministers. The rest of this note deals with particular aspects of conduct which derive from them, where it may be felt that more detailed guidance would be helpful.

9. A civil servant cannot be required to do anything, the doing of which would put him or her, or his or her department, in breach of the law. In the very unlikely event of a civil servant being asked to do something which he or she has reason to believe would or might be in breach of the law, he or she should report the matter to a superior officer or to the Principal Establishment Officer, who should if necessary seek the advice of the Legal Adviser to the department. If legal advice confirms that the action would be, or would be liable to be judged to be, in breach of the law, the civil servant concerned should refuse to take the action, and the matter should be reported in writing to the Permanent Head of the department.

10. It is for Ministers, who bear political responsibility, and not for civil servants, to take political decisions. Civil servants should not normally decline to do something which they are asked to do merely because it conflicts with their personal views, where questions of conscience are not at issue. A civil servant cannot be obliged to do anything, the doing of which he or she cannot reconcile with his or her moral conscience. But "moral conscience" in this context must relate to actions which are felt to be directly contrary to individual moral obligation, and not merely to differences of opinion, however deeply felt, on matters of political choice or judgment between alternative or competing objectives and benefits.

11. A civil servant who is so seriously opposed to a policy which he or she is asked to administer that he or she feels unable to do so in accordance with the standards of service described in paragraph 7 of this note, or who feels in conscience unable to do something which he or she is asked to do, or bound to do something which he or she is asked not to do, should consult a superior officer, or in the last resort the Permanent Head of the department, who can and

should if necessary consult the Head of the Home Civil Service. If that does not enable the matter to be resolved on a basis which the civil servant concerned is able to accept, and he or she feels obliged to pursue the issue if necessary in a more public arena, he or she should resign from the public service in order to do so - though he or she will still be bound to keep the confidences entrusted to him or her as a civil servant. It is not acceptable for a serving civil servant to seek to frustrate Government policies by covert means, such as the unauthorised disclosure outside the Government of information to which he or she has access as a civil servant.

12. Civil servants often find themselves in situations where they are asked or required to give information to a Parliamentary Select Committee, to the media, or to individuals. In doing so they should be guided by the general policy of the Government on the disclosure of information, by any specifically departmental policies in relation to departmental information, by the requirements of security and confidentiality. The disclosure of information can, however, be of political significance. In this, as in other respects, the

civil servant's firm duty is to his or her Minister, and ultimately the responsibility lies with Ministers and not with civil servants to decide what information should be made available, and how and when it should be released, whether it is to Parliament, to Select Committees, to the media or to individuals. A civil servant who considers as a matter of moral duty or deep professional or personal conviction that information which a Minister proposes to publish should not be published, or that information which a Minister proposes not to publish should be published, should consult a superior officer, or in the last resort the Permanent Head of the department.

CIVIL SERVICE : Long Term Policy : Pt 17.

NBPM

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

H. STEEL, CMG OBE
LEGAL SECRETARY

Your Ref: AO85/478

15 February, 1985

Dear Richard,

THE DUTIES AND RESPONSIBILITIES OF CIVIL SERVANTS

I have shown the Attorney-General the two successive drafts of Robert Armstrong's Note which were sent to us on 12 February, as well, of course, as his covering minute explaining its purpose and context. As I understood the position from the brief discussion which you and I had on the telephone, the Attorney-General's views are not being sought, at this stage at any rate, on the general shape or contents (or indeed the expediency) of the Note but you do want his advice on whether the Note is legally sound.

There are in fact two or three relatively minor respects in which as lawyers, we think that the Note does not describe the position with total accuracy or precision and we could, if that were helpful, suggest amendments. But the Attorney-General has a more fundamental reservation about the Note in its present form. Paragraph 11 deals with the right, indeed the duty, of a civil servant to refuse to comply with instructions which would or might involve him in breaking the law. (Paragraph 12 deals with the corresponding position as regards "maladministration".) There is also a reference - not central to our present problem - in paragraph 10 to the need to comply with the law on corruption. But the rest of the Note seems to proceed on the basis that there is no law, or no relevant law, about a civil servant's duty to keep the confidences entrusted to him. The whole discussion is couched in terms of the civil servant, who improperly reveals information, "forfeiting the trust placed on him when he accepts employment ..... forfeiting the right to continue in the Service, and also undermining the confidence that ought to subsist between Ministers and other civil servants", etc. etc.

/No

Nowhere is there a reference to the fact that such improper disclosure is, or may be, also a breach of the criminal law and a civil wrong for which a remedy could be sought in civil proceedings. To give a small example, the proposition in paragraph 17 that a civil servant who resigns, "in order to take his personal opposition into a more public arena", is still bound to keep the confidences entrusted to him as a civil servant is incomplete (perhaps to the point of being misleading) if it does not mention that he also remains bound by the Official Secrets Acts.

This silence about the impact of the law of the land - as distinct from morality and professional ethics, etc. - upon the problem strikes the Attorney-General as uncomfortable and as something which, in the present climate, critics are likely to pick up. If we think that the Official Secrets Acts are relevant and important, they will say, why have we not mentioned it? If we do not think that they are relevant or important, what does that signify for our attitude to future cases like Pontings? It may be that, in present circumstances, there is nothing that we can say, without stirring up more controversy than is tolerable, about the relevance of the Official Secrets Acts and the civil law relating to breach of confidence. If so, that may in itself be a consideration against putting the Note out in present circumstances. The Attorney-General thinks that this is a point which ought to be considered.

I am copying this letter to Robin Butler and to the Private Secretaries to the Lord President, the Chancellor of the Exchequer, the Home Secretary, the Lord Privy Seal, the Chancellor of the Duchy of Lancaster and the Secretary of State for Defence. You may think that the Foreign and Commonwealth Secretary (because of his responsibility for the Diplomatic Service and because it is very often his secrets that get leaked) also has an interest in the matter.

Yours ever,
Henry

H STEEL

R P Hatfield Esq
Private Secretary
Cabinet Office
70 Whitehall
London SW1

CIVIL SERVICE: Long term Policy: Pt 17

CABINET OFFICE

From the Chancellor of the Duchy of Lancaster
Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

The Rt Hon Leon Brittan QC MP
Home Secretary
50 Queen Anne's Gate
London SW1

14 February 1985

Dear Leon,

CIVIL SERVICE COLLEGE: NEXT STEPS ON REPAYMENT

I wrote to colleagues on 23 August 1984 proposing a phased programme from April 1986 to move the bulk of College developmental training to full repayment by departments. I explained that I was asking the College Repayment Steering Group - an official inter-departmental committee - to draw up a programme to achieve this. Colleagues were content with my approach and the detailed discussions have been going on for some little time now. This letter is to bring you up-to-date and to explain why we now intend that full repayment should be introduced in one step from 1986.

The College Repayment Steering Group, which includes the College's major customers as well as the MPO and Treasury policy divisions, considered a proposal for introducing full repayment for developmental training in two roughly equal stages - on 1 April 1986 and 1 April 1987. To some extent the plan was arbitrary since we had found no totally satisfactory logical way of phasing. The Group's view was that any adverse results in the first year would either not be apparent or be difficult to assess and correct before the second year was upon us, and that the technical problems of negotiating the small PES transfers involved in a staged implementation would be formidable. In short, given that repayment was coming, departments wanted to get on with it. Nevertheless, the risks inherent in full repayment were recognised and the Group saw a need for careful monitoring and, if the worst fears were confirmed, some retreat to central funding might have to be considered.

I believe this is the right approach and I am now going ahead on this basis. Of course, a good deal of work remains to be done between now and April 1986. The College will be in touch with your department about PES transfers and the other issues involved either directly or through the Repayment Steering Group.

Copies of this letter go to other Ministers in charge of departments, to the Prime Minister, and to Sir Robert Armstrong.

Yours,

Tony

GOWRIE

CIVIL SERVICE
Long Term PE. 17

RT

FILE

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

THE DUTIES AND RESPONSIBILITIES OF CIVIL SERVANTS

The Prime Minister has read with interest the note attached to your minute of 12 February (A085/474).

I advised her that you envisaged that this note would be published in one form or another at the same time as it was issued to civil servants.

The Prime Minister noted that para. 1 of the draft says that it is issued on your responsibility and has asked what would be her position in relation to the proposed document in her capacity as Minister for the Civil Service. The document will not be uncontroversial, e.g. the statement that "the Crown" means, and is represented by, the Government of the day. The Prime Minister is likely to be questioned on it and it is for consideration whether and to what extent she should say that she has specifically approved it.

Since the document refers to the Crown, you may feel thatit would be appropriate to give Sir Philip Moore notice of it when it has been cleared.

I am copying this minute to Miss Lewis-Jones (Lord President's Office), Mrs. Lomax (HM Treasury), Mr. Taylor (Home Office), Mr. Morris (Lord Privy Seal's Office), Mr. Thomas (Chancellor of the Duchy of Lancaster's Office), Mr. Mottram (Ministry of Defence) and to Mr. Steel (Law Officers' Department).

F.E.R.B.

13 February, 1985

RT

TOP MANAGEMENT PROGRAMME

Cabinet Office

TOP MANAGEMENT PROGRAMME

INTRODUCTION

1. The Government have decided to establish a new management development programme which will bring together top managers with the highest potential from all sectors of the economy. They will review the major changes likely to affect their organisations and the best practices of top management in coping with change and uncertainty. They will work together on major problems and issues of concern to all of them and seek practical and robust solutions.

OBJECTIVES

2. These are to improve the ability of the participants to:

- understand as far as is possible the nature, extent and significance of the fundamental changes taking place in the economic, international, industrial, technological, physical and social environments;

- formulate strategies to meet the challenge of these changes and cope with the uncertainties surrounding them, given scarce resources;

- seek increased value for money and year-on-year improvements in productivity and efficiency of service to customers, by setting clear objectives and managing organisations and resources positively;

- lead and motivate people to carry out tasks efficiently, imaginatively and with commitment;

- understand one another's attitudes, priorities and approaches to major problems and issues.

PARTICIPANTS

3. There will be three Programmes in 1985 and four in a full year. Each Programme will cater for 24 participants selected from the best people entering top management positions, with potential to reach the top of their organisations and aged about 35-45, in roughly equal numbers from the commercial and public sectors, ie from;

- the private sector of industry and commerce, in smaller as well as large organisations, the nationalised industries and the professions; and

- the Civil Service, the Diplomatic Service, local government and other public sector organisations such as the BBC, the Atomic Energy Authority and possibly in future the National Health Service, the Armed Forces, the Police and the Trades Unions.

All 24 participants will attend the four-week mixed phase. The civil servants will undertake a further two-week phase immediately afterwards; for them the six-week Programme will be mandatory at about the point of promotion to Grade 3 (Under Secretary) and undertaken between appointments.

CONTENT

Mixed Phase

4. The mixed phase will be divided into four parts:-

a. The major changes in the environment: (25 per cent)

to achieve the first objective, examination, necessarily selective, of the most important current and future changes in the economic, international, industrial, technological, social and physical environments within which organisations, including governments, have to operate; and of the uncertainties surrounding future changes. The criterion for deciding what to include in this category will be the extent to which major changes in the environment are occurring, are likely to occur, or ought to occur but may not because of institutional impediments;

b. the challenge of top management: (30-35 per cent)

to achieve the second, third and fourth objectives, examination of the role of the top manager in strategy formulation and implementation and in the efficient management of finance and people, in times of radical change and scarcity of resources;

c. problem solving: (30 per cent)

to consolidate the learning process and strengthen mutual understanding, major real and topical problems of direct concern to all the participants will be prepared and documented beforehand, solutions sought through analytical work in mixed syndicates and presented to experts at the highest level for criticism and discussion. There will be a strong emphasis on producing practical solutions designed for implementation by top management action;

d. seminar discussions: (12 per cent)

to broaden and deepen understanding, major issues will be discussed by panels of distinguished experts, both academic and practising and often with radically different views, and debated afterwards by the participants and their guests.

Each part will be complementary to the others and overlap will be avoided. Together they will form a coherent whole.

The Civil Service Phase

5. The Civil Servants phase will be divided into four parts:-

a. Top Management in the Civil Service: (40 per cent)

examination of the major changes facing the Civil Service over the next 5-10 years and of the management and leadership roles of the top civil servant. A significant proportion of the time will be spent in considering how to achieve more efficienct use of resources in the public sector (particularly in participants' own operational areas) and on the strategic issues surrounding the introduction of information technology systems;

b. Optional Courses: (35 per cent)

participants will be able to choose from a range of options - short intensive courses aimed at improving important skills (eg negotiating, presentation, time management and stress management) or deepening their knowledge of particular subjects of importance to their jobs (eg administrative law, the EC, policy analysis and options appraisal);

c Problem Solving: (15 per cent)

to consolidate the learning process and to deepen understanding of some of the lessons emerging from the mixed programme, major topical problems of concern to participants will be tackled in syndicate groups. The method will be similar to the mixed phase with an emphasis on producing practical solutions designed for implementation by top management action;

d. Seminar Discussions: (10 per cent)

major issues of concern to the Civil Service will be discussed before dinner by a panel of distinguished experts, both academic and practising, and debated after dinner by the participants and their guests.

METHODS

6. The Programme will be rigorous and demanding but informal and varied. There will be a strong emphasis on active participation by Programme members. Where tuition is necessary for understanding it will be of the highest quality (of both content and presentation) and aimed at drawing the maximum out of the participants themselves, through syndicate work, debate and argument. The tutors will be complemented by practitioners from both the public and private sectors.

7. A vital part of the Programme will be the syndicate work on the live problems. Each problem will be defined and analysed by a knowledgeable "author" who will, with other experts, assess the solutions proposed by the syndicates.

EVALUATION

8. It is important to assess the quality of the Programme; the extent to which it meets its objectives and the effect on individual participants and on the subsequent value added to their organisations. To this end the Programme will be carefully evaluated by:-

a. questioning the participants formally and informally during the Programme and six months afterwards;

b. selective interviewing of Personnel Directors and Departmental officers to find out in particular what practical improvements it has made to a participant's performance and potential;

c. ultimately, the market, at least as far as the commercial sector is concerned.

But its relevance and usefulness is at least as much a function of the commitment of top management to it as of its quality and content.

TIME AND PLACE

9. The three Programmes in 1985 are at:

- Elvetham Hall, near Fleet, Hampshire, (mixed phase 4 February to 1 March inclusive), followed by the Civil Service phase from 4 to 15 March inclusive;

- The Node, Knebworth, Hertfordshire, (mixed phase 8 July to 2 August) preceded (exceptionally) by the Civil Service phase from 24 June to 5 July;

- Nuneham Park, Oxford (mixed phase, 21 October to 15 November), followed by the Civil Service phase from 18 to 29 November.

The Civil Service phase will take place at the Civil Service College, Sunningdale.

THE FEBRUARY PROGRAMME

10. The details of this programme have been settled: the timetable and list of tutors, problem authors and assessors and seminar discussants are attached. Also attached is a list of those public and private sector organisations other than the Civil Service and Diplomatic Service that made nominations for the 1985 Programmes.

FUTURE PROGRAMMES

11. These will differ in many respects from the February Programme - other than in quality - as part of the process of refinement and constant improvement.

January 1985

ANNEX A

Top Management Time Table

MIXED PHASE 4 FEB - 15 FEB 1985

February		0 8 45 to 10 00	10 15 to 11 30	11 45 to 13 00	14 30 to 15 45	16 00 to 17 15	17 45 to 19 00	20 30 to 22 30
4	M	Top Management (People) Prof J Hunt				Overview Sir D Hague	Problems : 1. Financial Institutions 2. Industrial Competitiveness	
5	T	Top Management (People) Prof J Hunt				Study	Problems 1 & 2	
6	W	Study	Change: Organisations and Employment Prof C Handy		Change: Macroeconomic Dr D Morris			
7	T	Change: International Trade and Competitiveness Dr D Morris				Study	Free	
8	F	Top Management (People) Prof J Hunt				Study	Problems 1 & 2	
9	S	Study	Change: International Dr W Wallace Dr H Ichikawa				Seminar: International	
10	S	Study	Top Management (Finance) A Likierman			Study	Problems 1 & 2	
11	M	Top Management (Finance) A Likierman				Study	Seminar: Management	
12	T	Change: financial system; domestic and international A Bain				Problems 1 & 2		Lord Weinstock
13	W	Top Management (Strategy) Prof C J Constable			Change: Energy Dr P Schwartz R Belgrave		Seminar: Energy	
14	T	Change: New Technologies D Firnberg			Presentation Problems 1 & 2			Study
15	F	Problems: 3. Education of 14-18 year olds 4. Management of NHS						

Top Management Time Table

MIXED PHASE 18 FEB - 1 MARCH 1985

February		0 8 45 to 10 00	10 15 to 11 30	11 45 to 13 00	14 30 to 15 45	16 00 to 17 15	17 45 to 19 00	20 30 to 22 30
18	M		Top Management (Finance) Prof D Myddelton				Seminar: Political	
19	T	Top Management (Finance) Prof D Myddelton			Problems 3 & 4	Study	Problems 3 & 4	
20	W	Change: Social Prof A H Halsey				Study	Seminar: Education	
21	T	Problems 3 & 4		Change: Labour Market G L Reid			Seminar: Labour Market	
22	F	Study	* Presentation Problem 4	Introduction Problems: 5 & 6	Change: Labour Relations Prof G S Bain		Seminar: Labour Relations	
23	S	Presentation Problem 3		Study	Change: Public Sector Prof J Heath		Problems: 5. British Rail Strategy 6. Management of IT	
24	S	Study	Problems 5 & 6		Change: Privatisation Prof J Heath		Problems 5 & 6	
25	M	Top Management (Strategy) Prof C J Constable				Study	Seminar: Privatisation	
26	T	Top Management (Strategy) Prof C J Constable				Study	Free	
27	W	Problems 5 & 6		Seminar: Social		Study	Problems 5 & 6	
28	T	Top Management (Strategy) Prof C J Constable				Study	Seminar: Top Management Programme Dinner	
March 1	F	Study	Presentation Problems 5 & 6			Programme Review		

* Presentation Problem 4 starts at 0930

Top Management Time Table

CIVIL SERVICE PHASE 4 MARCH - 15 MARCH 1985

		0 8 45 to 10 00	10 15 to 11 30	11 45 to 13 00	14 15 to 15 30	15 45 to 17 00	17 15 to 18 30	20 30 to 22 30
4	M		Changes affecting Public Sector: Top Management Responses Prof J Hunt				* Seminar: Changes in Civil Service over next 5 - 10 years	
5	T	Implementation of Change: Individual Exercise				Problem: Motivation in the Civil Service		Seminar: Administrative law
6	W	Problem	Seminar: Relationship between Ministers and Senior Civil Servants		Top Management in Civil Service: Findings of Research Study Dr M Smith			Problem
7	T	Options: Time Management Policy Analysis Presentation Skills						Problem
8	F	Options: European Community Policy Analysis Presentation Skills						
9	S							
10	S							
11	M	Information Technology P Tebby						Problem
12	T	Options: Options Appraisal Negotiating Skills Administrative Law						Problem
13	W	Options: Options Appraisal Negotiating Skills Stress Management						Seminar: Delivery of Services to the Public
14	T	Resource Management V Watt and F Plowden						** Programme Dinner: Top Management in Civil Service
15	F	Resource Management		Presentation Problem		Programme Review		

* Please note this seminar starts at 1745

** This seminar starts at 1800

TOP MANAGEMENT PROGRAMME

TUTORS FOR FEBRUARY 1985 PROGRAMME

Professor A Bain	Midland Bank plc
Professor G S Bain	University of Warwick
R Belgrave	Joint Energy Programme of PSI and RIIA
K Burghardt	Management Consultant
J Carlisle	Management Consultant
Mrs M B Chapman	Civil Service College
Ms E Chennells	Civil Service College
J M Clarke	Civil Service College
Professor C J Constable	Cranfield School of Management
R J Eason	Civil Service College
D Firnberg	EOSYS Ltd
Ms S Galsworthy	HTV
Professor A H Halsey	Nuffield College, Oxford
Professor C Handy	Visiting Professor of Management Development, London Business School
Professor J B Heath	London Business School
B Hockin	HTV
Professor J W Hunt	London Business School
Dr H Ichikawa	Japanese Embassy, London
A Likierman	London Business School
Dr D J Morris	Oriel College, Oxford
Professor D Myddelton	Cranfield School of Management
F Plowden	Coopers & Lybrand
G L Reid	Department of Employment
Ms S Richards	Civil Service College
R Ricks	Treasury Solicitor's Department
Dr P Schwartz	Shell UK Ltd
K Siffre	Management Consultant
Dr J M Smith	University of Manchester Institute of Science and Technology
P G Tebby	Civil Service College
Dr H Wallace	Civil Service College
Dr W Wallace	Royal Institute of International Affairs

TUTORS FOR FEBRUARY 1985 PROGRAMME (Cont)

V Watt	Arthur Andersen & Co
Professor A H Williams	University of York
J Yelland	Queen Mary College

ANNEX C

PROBLEMS FOR FEBRUARY 1985 PROGRAMME

1. Future Competitiveness of Britain's Financial Institutions

Author: M J Boleat
Building Societies Association

Assessors: P E Leslie
Barclays Bank plc

D Hillyard
Debenhams plc

2. Industrial Competitiveness

Author: Sir Arthur Knight
London School of Economics

Assessors: N J Monck
HM Treasury

D Sainsbury
J Sainsbury plc

3. Education of the 14-19 Year Olds

Author: Professor J R G Tomlinson
University of Warwick

Assessors: M Bett
British Telecom

G Holland
Manpower Services Commission

T G Melling
Further Education Staff College

4. Management of the National Health Service

Author: Dr N J B Evans
formerly with Department of Health and Social Security, and
Sir Kenneth Stowe
Department of Health & Social Security

Assessors: G A Hart
Department of Health & Social Security

J M Hoare
Wessex Regional Health Authority

/Cont ...

Professor R E Klein
University of Bath

5. British Rail's Inter-City Strategy

Author: D Fowler
British Rail

Assessors: C Bleasdale
British Rail

Professor J Heath
London Business School

Sir John Sparrow
Morgan Grenfell & Co

6. Management of Information Technology

Author: P A B Hughes and
D E Cronin
Logica

Assessors: P I Freeman
Central Computer and Telecommunications Agency

C N Read
The Post Office

CIVIL SERVICE ONLY PHASE

Motivation in the Civil Service

Author: D P Laughrin
Cabinet Office (Management and Personnel Office)

Assessors: A M Bailey
H M Treasury

J R Crosby
BAT Industries

A J Graham
The Civil and Public Services Association

/Cont ...

R M Hastie-Smith
Ministry of Defence

Miss A E Mueller
Cabinet Office (Management and
Personnel Office)

SEMINAR LEADERS FOR FEBRUARY 1985 PROGRAMME

Sir Robert Armstrong	Secretary of the Cabinet
J B Bailey	Treasury Solicitor
Professor R J Blin-Stoyle	University of Sussex
R Q Braithwaite	Deputy Under Secretary, Foreign and Commonwealth Office
Miss S J Browne	Principal, Newnham College, Cambridge
E Caines	Home Office
Sir Peter Carey	Morgan Grenfell & Co
T H Caulcott	Chief Executive, Birmingham City Council
Sir Wilfred Cockcroft	Chairman and Chief Executive, Secondary Examinations Council
T Cook	Director, Family Service Units
Sir Kenneth Corfield	Chairman, Standard Telephones & Cables plc
Lord Croham	Chairman, British National Oil Corporation
R Davies	Director, Community Development, Business in the Community
Sir Ronald Dearing	Chairman, The Post Office
Professor D V Donnison	Department of Town and Regional Planning, University of Glasgow
Professor R P Dore	The Technical Change Centre
J L Egan	Chairman and Chief Executive, Jaguar Cars Ltd
Professor C D Foster	Coopers & Lybrand
His Excellency Otto von der Gablenz	Ambassador of the Federal Republic of Germany to the Netherlands
Rt Hon The Earl of Gowrie	Chancellor of the Duchy of Lancaster
Sir Douglas Hague	Chairman, Economic and Social Research Council
Sir Robert Haslam	Chairman, British Steel Corporation and Tate & Lyle
Rt Hon Denis Healey	Labour Party spokesman for Foreign Affairs
P Hennessy	Policy Studies Institute
Rt Hon Michael Heseltine	Secretary of State for Defence
Lord Hunt	Chairman, Banque Nationale de Paris

/Cont ...

S Jenkins	The Economist Newspaper Ltd
T P Jones	Chairman, The Electricity Council
Rt Hon Sir Keith Joseph	Secretary of State for Education
Professor A Kennaway	Consulting Engineer
G H Laird	General Secretary, Amalgamated Union of Engineering Workers
J P Lowry	Chairman, Advisory, Conciliation and Arbitration Service
Professor A P L Minford	University of Liverpool
Miss A E Mueller	Second Permanent Secretary, Management and Personnel Office
B Nicholson	Chairman, Manpower Services Commission
Professor S J Nickell	Nuffield College, Oxford
L W Priestley	Regional General Manager, Barclays Bank plc
Lord Rayner	Marks and Spencer plc
R G Reid	President, ESSO Europe Inc
Rt Hon Nicholas Ridley	Secretary of State for Transport
Rt Hon William Rodgers	Social Democratic Party
P J Roots	Director, Industrial Relations, Ford Motor Company
I Smart	International and Energy Consultant
Rt Hon John Smith	Labour Party Employment spokesman
Rt Hon David Steel	Leader of the Liberal Party
C J W Ward	General Secretary of the Association of First Division Civil Servants
Lord Weinstock	Managing Director, The General Electric Company plc
M Wicks	Director, Family Policy Studies Centre

ANNEX E

TOP MANAGEMENT PROGRAMME

PUBLIC AND PRIVATE SECTOR ORGANISATIONS OTHER THAN THE CIVIL SERVICE AND THE DIPLOMATIC SERVICE THAT MADE NOMINATIONS FOR THE 1985 PROGRAMME

Abbey National Building Society
AE plc
Allied Lyons plc
Arthur Andersen & Co
Arthur Young McClelland Moores & Co

Bank of England
Barclays Bank International Ltd
Barnsley Metropolitan Borough Council
Bass plc
BAT Industries plc
BBC
Beecham Pharmacueticals
BICC plc
Blue Circle Industries plc
British Petroleum Co plc
British Aerospace plc
British Airports Authority
British Council
British Gas
British Railways
British Telecom
Britoil plc

Cable & Wireless plc
Central Electricity Generating Board
Civil Aviation Authority
Coopers & Lybrand
Costain Group plc
Courtaulds plc

Deloitte Haskins & Sells

Electricity Council
Esso Petroleum Co Ltd

Ford Motor Co Ltd

General Electric Co plc
Guest Keen & Nettlefolds plc

Halifax Building Society
Hanson Trust plc
Hawker Siddley Group plc
Heron International plc
Hertfordshire County Council
Honeywell Inc
HP Bulmer Holdings plc

IBM (UK) Holdings plc
ICI plc
ICL plc
International Thompson Organisation Ltd

John Lewis Partnership plc

Legal & General Assurance Society Ltd
Lloyds Bank plc

Marks & Spencer plc
Mars UK Ltd
Metal Box plc

National Coal Board
National Westminster Bank plc
Nationwide Building Society

PA Holdings plc
Peat Marwick, Mitchell & Co
The Post Office
Price Waterhouse Associates
Prudential Assurance Co Ltd

Royal Bank of Scotland
Royal Insurance plc
The Tio Tinto-Zinc Corporation plc

Shell UK Ltd
Standard Chartered Bank plc
Standard Telephones and Cables plc
Sun Life Assurance Society plc

TI Group plc
Trafalgar House Group Services plc
Trust House Forte plc
Trustee Savings Bank

Unilever plc
United Biscuits (Holdings) plc
United Kingdom Atomic Energy Authority

Vauxhall Motors Ltd
Vickers plc

Wiggins Teape Group Ltd
George Wimpey plc
Woolwich Equitable Building Society

Ref. A085/478

MR BUTLER

The Duties and Responsibilities of Civil Servants

--- I attach a revised draft of a possible note by the Head of the Home Civil Service on the Duties and Responsibilities of Civil Servants. I would be grateful if you would substitute this draft for that attached to Sir Robert Armstrong's minute to you of today's date on this subject. I am sending copies of this minute and of the revised draft to those who received copies of Sir Rober Armstrong's earlier minute, namely the Private Secretaries to the Lord President, the Chancellor of the Exchequer, the Home Secretary, the Lord Privy Seal, the Chancellor of the Duchy of Lancaster, the Secretary of State for Defence and the Attorney General.

R P HATFIELD

12 February 1985

DRAFT OF 12 FEBRUARY 1985

THE DUTIES AND RESPONSIBILITIES OF CIVIL SERVANTS

Note by the Head of the Home Civil Service

Recent events, and the public discussion to which they have given rise, have led me to think that it would be timely to restate the general duties and responsibilities of civil servants. I am putting out this guidance on my own responsibility as Head of the Home Civil Service, but it is issued after consultation of and with the agreement of Permanent Secretaries in charge of Departments.

2. Civil servants hold office under the Crown, and are the servants of the Crown.

3. In this capacity, as the executive arm of the state, the Crown acts on the advice of The Queen's Government. For all practical purposes "the Crown" in this context means and is represented by the

Government of the day. The civil service has no constitutional personality or responsibility separate from the duly elected Government of the day; it is not a separate estate of the realm. It is, as it were, the main instrument available to the Government of the day to give advice on the formulation of the policies of the Government, to give effect to decisions of the Government (including their presentation), and to manage and deliver the services for which the Government is responsible.

4. In an institutional sense, the civil service serves the Government of the day as a whole, Her Majesty's Ministers collectively. Thus the Prime Minister is the Minister for the Civil Service, and the Minister responsible for making the orders in council which determine the terms and conditions of civil service employment.

5. As a general rule*, the duty of the individual civil servant is first and foremost to the Minister of the Crown who is in charge of the Department in which he or she is serving. The Minister is responsible, and answerable in Parliament, for the conduct of the Department's affairs and the management of its business. Formally all things said or done by the Department are said or done in the name of the Minister. It is the duty of civil servants to serve their Minister loyally and to the best of their ability.

6. The British civil service is a non-political career service. Civil servants are required to serve the duly elected Government of the day, from whatever political party. It is of the first importance that civil servants should so conduct themselves as to deserve and retain the confidence

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* There are special cases, such as the Boards of Inland Revenue and Customs and Excise, in which responsibility for a Department is vested in a body of commissioners who are themselves appointed by or on the advice of a Minister.

of those whom they serve as Ministers and of those whom they may be required to serve in some future administration. That confidence is the indispensable foundation of a good relationship between Ministers and civil servants. The conduct of civil servants should at all times be such that Ministers and potential future Ministers can be sure that that confidence can be freely given, and that civil servants will at all times conscientiously fulfil their duties and obligations to the duly elected Government of the day. Only if their conduct is such are they entitled to expect reciprocal trust and respect from Ministers.

7. The formulation of policy is the responsibility of the Minister (within the convention of collective responsibility of the whole Government for the decisions and actions of every member of it). The civil servant has no constitutional responsibility or role in the formulation of policy, distinct from that of the Minister. It is the duty of the civil servant to make available to the Minister all the information and experience at his or her disposal which may have a bearing on the policy decisions to which the Minister is committed or which he is preparing to

make, and to advise the Minister honestly, dispassionately and impartially, without fear or favour, whether the advice accords or not with the Minister's initial view, on the options available, the implications of each of them and of the choice between them, and the manner in which and the means by which any decision may best be given effect. Civil servants are in breach of their duty to their Minister, and of their integrity as servants of the Crown, if they deliberately withhold relevant information from their Minister, or if they give their Minister other advice than what they believe to be the best they can give, or if they seek to obstruct or delay a decision simply because they do not agree with it. When, having been given all the relevant information and advice, the Minister has taken a decision, it is the duty of civil servants loyally to carry out that decision with precisely the same energy and precisely the same good will, whether they agree with it or not.

8. Civil servants are under an obligation to keep the confidences of their Minister, and the maintenance of trust between Ministers and civil servants depends on their doing so. There is and must be a general duty upon every civil servant not

to pass on, without authority, to some one not entitled to receive it, a document, or indeed information disclosed orally, entrusted to him or her in the course of duty as a civil servant. Whether it is done from political or personal motives, or for pecuniary gain, the civil servant concerned forfeits the trust placed on him when he accepts employment, may well forfeit the right to continue in the service, and also undermines the confidence that ought to subsist between Ministers and their civil servants, and thus damages his colleagues and the Service, as well as him or herself.

9. The basic rules of conduct for civil servants are set out in detail in the Civil Service Pay and Conditions of Service Code and associated guidance, including departmental staff manuals. What follows sets out some general rules and procedures.

10. Civil servants are of course required to comply with the law on corruption. They are also subject to certain disciplinary rules designed to ensure the prevention of corruption or the suspicion of corruption. If civil servants do not know or are in doubt about the application of these

rules in any situation in which they find themselves, they should consult their Principal Establishment Officer, who will if necessary consult the Permanent Head of the Department.

11. A civil servant cannot be required to do anything, the doing of which would put him or her, or his or her department, in breach of the law. In the very unlikely event of a civil servant being asked to do something which he or she has reason to believe would or might be in breach of the law, he or she should seek the advice of the Legal Adviser to the department. If the advice confirms that the action would be, or would be liable to be judged to be, in breach of the law, he or she should refuse to take the action and should report the matter in writing to the Permanent Head of his department.

12. If a civil servant is required to do something, or is involved in dealings, which he or she has reason to believe might be regarded as maladministration (as defined for the purposes of the Parliamentary Commissioner Act 1967), he or she

should consult the Legal Adviser to the department or the Principal Establishment Officer, who will if necessary consult the Permanent Head of the Department.

13. A civil servant cannot be required to do anything, the doing of which he cannot reconcile with his moral conscience. But "moral conscience" has to be sensibly interpreted: inability to reconcile something with one's moral conscience does not cover difference of opinion on a matter of merely political choice or judgment. A civil servant who feels in conscience unable to do something which he or she is asked to do, or bound to do something which he or she is asked not to do, should consult a superior officer, or in the last resort the Permanent Head of the department.

14. It is for Ministers, who bear political responsibility, and not for civil servants, to take political decisions. Civil servants should not normally decline to do something which they are asked to do just because it conflicts with their personal views. If a civil servant is so seriously opposed to a policy which he or she is asked to administer that he or she feels unable to comply

with the request, he or she should consult a superior officer, or in the last resort the Permanent Head of the department.

15. It is the policy of the Government, as it has been of previous Governments, that the Government should give Parliament and the public as much information as possible about Government policies and actions and about the facts, figures and considerations that enter into the making of decisions. It is, however, the responsibility of Ministers and not of civil servants to decide what information should be made available to Parliament, to Select Committees, to the media or to individuals. A civil servant who considers that information which a Minister proposes to publish should not be published, or that information which a Minister proposes not to publish should be published, should consult a superior officer, or in the last resort the Permanent Head of the department.

16. Where the Permanent Head of a department is in doubt as to how to deal with, or is unable to resolve, an issue of the kind referred to in the foregoing five paragraphs, he or she should consult

the Head of the Home Civil Service.

17. If, in cases of the kind referred to in this note, a civil servant has exhausted the internal processes of remedy, and so profoundly disagrees with the policy or decision of the Government as to feel bound to take personal opposition into a more public arena, he or she should resign from the public service in order to do so - though he or she will still be bound to keep the confidences entrusted to him or her as a civil servant. it is not acceptable for a civil servant to seek to frustrate Government policies by covert means, such as the unauthorised disclosure outside the Government of information to which he or she has access as a civil servant, while continuing to be a civil servant.

18. The guidance in this note can best be summed up in the words of Queen Elizabeth I's charge to Sir William Cecil when she appointed him her Secretary of State in November 1558:

This judgment I have of you: that you will not be corrupted with any manner of gift, and that you will be faithful to the state, and that without respect of my private will you will give me that counsel that you think best.

010

c. Mr. Ingham 2

Prime Minister

Sir Robert Armstrong wanted you to know that he is preparing this, and a revised version will be coming forward shortly.

He tells me that it would be his intention to publish it in some form as he issues it. I am sure that it would be wise to do so.

FERB 12.2

Ref. A085/474

Revised version now attached.

CDP 12/2.

MR BUTLER

The Duties and Responsibilities of Civil Servants

What is my position in relation to the proposed document in my capacity as Minister Responsible for the Civil Service?

In the wake of Mr Ponting's acquittal on charges under the Official Secrets Act and before statements are made this afternoon, the Prime Minister should be aware that I have for some time been thinking that the time was coming for a formal restatement of the duties and obligations of civil servants. I have discussed this with other Permanent Secretaries, who are very much of the same view. There has not been such a statement for over 30 years. It would clearly have been inappropriate to issue a statement while the Ponting case was sub judice. Mr Ponting's acquittal would make such a statement very timely now.

--- 2. I attach a draft which I have prepared for this purpose. In this form it was written before the result of the Ponting case was known, and I should want to review it carefully in the light of the case. I should want to also discuss it with my fellow Permanent Secretaries; and to make sure that the Attorney General was happy with it. But I think that, if the Prime Minister was minded to agree that it would be useful to issue such a statement, I could have something ready by the beginning of next week.

3. I am sending copies of this minute and of the draft to the Private Secretaries of the Lord President, the Chancellor of the Exchequer, the Home Secretary, the Lord Privy Seal, the Chancellor of the Duchy of Lancaster, the Secretary of State for Defence and the Attorney General.

RTA

ROBERT ARMSTRONG

12 February 1985

A4 to A085/474

DRAFT A

DRAFT OF 6 FEBRUARY 1985

THE DUTIES AND RESPONSIBILITIES OF CIVIL SERVANTS

Note by the Head of the Home Civil Service

Recent events, and the public discussion to which they have given rise, have led me to think that it would be timely to restate the general duties and responsibilities of civil servants. I am putting out this guidance on my own responsibility as Head of the Home Civil Service, but it is issued after consultation of and with the agreement of Permanent Secretaries in charge of Departments[, and also with the agreement of the Prime Minister, of her three immediate predecessors and of the Leader of the Opposition].

2. Civil servants hold office under the Crown, and are the servants of the Crown.

3. In this capacity, as the executive arm of the state, the Crown acts on the advice of The Queen's Government of the day. For all practical purposes "the Crown" in this context means and is represented by the Government of the day. The civil service has no constitutional personality or responsibility separate from the duly elected Government of the day; it is not a separate estate of the realm. It is, as it were, the main instrument available to the Government of the day to give advice on the formulation of the policies of the Government, to give effect to decisions of the Government (including their presentation), and to provide the services for which the Government is responsible.

4. In an institutional and collective sense, the civil service serves the Government of the day as a whole, Her Majesty's Ministers collectively. Thus the Prime Minister is the Minister for the Civil Service, and the Minister responsible for making the orders in council which determine the terms and conditions of civil service employment.

5. The duty of the individual civil servant is first and foremost to the Minister of the Crown who is in charge of the Department in which he or she is serving. The Minister is responsible, and answerable in Parliament, for the conduct of the Department's affairs and the management of its business. Formally all things said or done by the Department are said or done in the name of the Minister. For all practical purposes the relationship of a civil servant to his Minister is that of an employee to his or her employer, and it is his duty to serve his Minister loyally and to the best of his ability.

RTAAAH

6. The British civil service is a professional and non-political career service. Civil servants are required to serve the duly elected Government of the day, and can expect to serve a succession of administrations from different political parties. It is of the first importance that civil servants should deserve and retain the confidence of those whom they serve as Ministers and of those whom they may be required to serve in some future administration. That confidence is the indispensable foundation of a good relationship between Ministers and civil servants. The conduct of civil servants should at all times be such that Ministers and potential future Ministers have no reason to suppose that that confidence cannot be freely given, or that civil servants will not at all times conscientiously fulfil their duties and obligations to the duly elected Government of the day. Only if their conduct is such are they entitled to expect reciprocal trust and respect from Ministers.

7. The formulation of policy is the responsibility of the Minister (within the convention of collective responsibility of the whole Government for the decisions and actions of every member of it). The civil servant has no constitutional responsibility or role in the formulation of policy, distinct from that of his Minister. It is not the duty of a civil servant to tell his Minister what policies he should or should not follow. It is his duty to make available to the Minister all the information and experience available to him which may have a bearing on the policy decisions which the Minister is committed or preparing to make, and to advise the Minister honestly, dispassionately and impartially, without fear or favour, irrespective of whether his advice may accord or not with the Minister's initial view, on the options available, the implications of each of them and of the choice between them, and the manner in which and the means by which any decision may best be given effect. He is in breach of his duty to his Minister, and of his integrity as a servant of the Crown, if he deliberately withholds relevant information from his Minister, or if he gives his Minister other advice than what he believes to be the best he can give, or if he seeks to obstruct or delay a decision simply because it is not the decision which he would take if he were the Minister. When, having been given all the relevant information and advice, the Minister has taken a decision, it is the duty of the civil servant loyally to carry out that decision with precisely the same energy and precisely the same good will, whether he agrees with it or not.

8. In any walk of life an employee has a general duty to keep his employer's confidences, and the civil service is no exception to that. There can be no justification or excuse for passing on, without authority, to someone not entitled to receive it, a document, or indeed information disclosed orally, which an employer has entrusted to an employee in confidence. Whether it is done for pecuniary gain, or from political or

RTAAAH

personal motives, the person concerned forfeits the trust placed on him when he accepts employment, and with it the right to continue in that employment. In the case of a civil servant, he also undermines the confidence that ought to subsist between Ministers and their civil servants, and thus damages his colleagues and the Service, as well as himself.

9. Civil servants are of course required like any one else to comply with the law on corruption. They are also subject to certain disciplinary rules designed to ensure the prevention of corruption or the suspicion of corruption. If any civil servant does not know or is in doubt about the application of these rules in any situation in which he finds himself, he should consult his Principal Establishment Officer.

10. A civil servant cannot be required to do anything, the doing of which would put him or his Department in breach of the law. In the very unlikely event of his being asked to do something which he believes would or might be in breach of the law, he should take the advice of the Legal Adviser to his department. If the advice confirms that the action would be, or would be liable to be judged to be, in breach of the law, he should refuse to take the action and should report the matter in writing to the Permanent Head of his department. The same principles apply if a civil servant is required to do something which might be regarded as maladministration.

11. A civil servant cannot be required to do anything, the doing of which he cannot reconcile with his moral conscience. But this has to be strictly interpreted: inability to reconcile something with one's moral conscience does not cover difference of opinion on a matter of purely political choice or judgment. A civil servant who feels in conscience unable to do something which he is asked to do, or bound to do something which he is asked not to do, should consult a superior officer, or in the last resort the Permanent Head of his department, who will decide how the matter should be handled.

12. It is for Ministers, who bear political responsibility, to take political decisions, and it is not for civil servants to play politics. A civil servant should not normally decline to do something which he is asked to do just because it conflicts with his personal views. If a civil servant is so seriously opposed to a policy which he is asked to administer that he feels unable to comply with the request, he should consult a superior officer, or in the last resort the Permanent Head of his department, who will consider whether he should be transferred to another part of the Department, or to another Department, where he will not be involved with the administration of that policy.

13. If a civil servant so profoundly disagrees with a policy of the Government, whether or not it is a policy with the

RTAAAH

formulation or implementation of which he is involved, that he feels bound to take his personal opposition into the public arena, he should resign from the public service in order to do so. It is not acceptable for him to seek to frustrate Government policies by covert means, such as the unauthorised disclosure outside the Government of information to which he has access as a civil servant, while continuing to be a civil servant.

14. The guidance in this note can best be summed up in the words of Queen Elizabeth I's charge to Sir William Cecil when she appointed him her Secretary of State in November 1558:

> This judgment I have of you: that you will not be corrupted with any manner of gift, and that you will be faithful to the state and that without respect of my private will you will give me that counsel that you think best.

RTAAAH

Chancellor of the Duchy of Lancaster

PRIME MINISTER

SENIOR MANAGEMENT DEVELOPMENT PROGRAMME

Robin Ibbs sent me a copy of his minute of 4 February to you about our progress in setting up this Programme.

I fully accept the importance of having performance targets for the SMDP which are not merely procedural but also qualitative in that they measure improvements in performance by participants in the Programme. The fact that management development is recognised both by the private and public sectors as one of the most difficult areas of all to make such qualitative judgements is no reason why we should not try to set up the best measures that we can.

The SMDP has of course two main objectives: firstly, developing the potential of future top managers; secondly, better performance at broadly Principal to Assistant Secretary level by the participants. It will take longer to measure the first objective than the second.

I am therefore content in principle with the three additional points suggested by Robin Ibbs and will use them as a basis for devising performance targets that measure value for money.

I am copying this minute to Robin Ibbs and to Sir Robert Armstrong.

GOWRIE

11 February 1985

10 DOWNING STREET

From the Private Secretary

11 February 1985

Dear Paul,

Senior Management Development Programme

The Prime Minister has now considered Lord Gowrie's minute of 28 January about the Senior Management Development Programme, together with Sir Robert Armstrong's minute of 23 January on the same subject. She has also seen Sir Robin Ibbs' minute of 1 February.

The Prime Minister agrees strongly with Sir Robin Ibbs' comments, and would be grateful if they could be taken into account as the programme develops.

I am sending a copy of this letter to Sir Robin Ibbs, and to Richard Hatfield (Cabinet Office).

Yours ever,

David

David Barclay

Paul Thomas Esq
Chancellor of the Duchy of Lancaster's Office.

Prime Minister (4)

A progress report on this programme is attached.

Agree Sir Robin Ibbs' comments?

Ends 4/2

PRIME MINISTER

SENIOR MANAGEMENT DEVELOPMENT PROGRAMME

Grey Gowrie sent me a copy of his minute of 28 January about progress in setting up the programme. I have no difficulty with what he says about delaying the start until September if that will enable the preparation to be more thorough and will increase the chances of getting value for money from the scheme. I am still concerned, however, that the possible performance targets in the accompanying paper are mainly about procedure.

Yes

This is a labour intensive proposal which you will need to be satisfied gives good value for the effort and expenditure required. At present it looks a generous scheme that may spill over on some people who will gain little from it.

The need for performance targets referred to in my minute of 23 August 1984 relates to having a clear statement of what detectable improvements in the performance of those participating is being aimed for. The extent to which this is achieved will have to be assessed by their line managers and these managers need to know before the scheme starts what they should be looking for.

I suggest that before the scheme starts up in September there is a need to have in place, in addition to the points in paragraph 7 of the note by Sir Robert Armstrong:

1. In each department a mechanism for assessing regularly after, say, 1 year whether there is a detectable improvement in performance by those who have participated and hence whether the programme is worth the cost.

2. In each department a parallel mechanism for checking whether the job posting side of the scheme is functioning properly.

3. A firm arrangement for assessing centrally after, say, 2 years whether the overall scheme represents adequate value for money.

I am copying this to Grey Gowrie and to Sir Robert Armstrong.

ROBIN IBBS
1 February 1985

Long Term Policy: CIVIL SERVICE 1 of 7.

CABINET OFFICE

From the Chancellor of the Duchy of Lancaster

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

The Rt Hon Leon Brittan QC MP
Secretary of State for the
Home Department
Home Office
50 Queen Anne's Gate
LONDON SW1H 9AT

28 January 1985

Dear Leon,

ETHNIC MONITORING IN GOVERNMENT DEPARTMENTS

I am announcing today the programme of ethnic surveys in the Civil Service agreed at H on 16 January. For the benefit of colleagues, this letter sets out the background as well as the details of what has been decided.

I wrote to you on 23 July 1984 about the publication of the report on the ethnic survey of non-industrial civil servants in the North West and County of Avon which was published that day. In that letter I said that a decision on further surveys in the Civil Service could not be taken until the position of the Council of Civil Service Unions (CCSU) was clarified in the light of an annual conference resolution passed by the Civil and Public Services Association (CPSA) in May 1984 that the results of the pilot ethnic survey which had been carried out of some civil servants in Leeds in 1982 were in themselves effective proof of the racial discrimination inherent in the Civil Service and instructing their Executive Committee to argue against the extension of ethnic monitoring through the Civil Service. The CPSA position was subsequently reversed at a Special Conference held on 6 December, when it was agreed that the proved system of ethnic monitoring used in the North West and Avon should be extended to cover the whole Civil Service.

Following this, H Committee decided that the Government should now proceed with a phased programme of surveys covering all remaining non-industrial staff during 1985-1988. The first stage of the programme will cover all non-industrial staff in

the East and West Midlands later this year. The projected time-scale for the remaining programme is at the Annex. All new entrants to the Civil Service will also be covered as soon as the necessary arrangements can be made. Separate arrangements are being worked out for industrial staff. Consideration will be given to further monitoring of recruitment schemes in the light of the recruitment surveys undertaken last year in the North West and County of Avon; the data from these surveys are now being analysed and the report is expected to be published in the Spring.

These developments are being announced today by Written Answers in both Houses of Parliament and by a press release, a copy of ... which is attached. Press briefing by officials for The Times, the Financial Times, the Daily Telegraph, the Guardian, the Economist and the New Statesman is being conducted.

My officials will be contacting officials in departments about the details of the conduct of the surveys. They will also be in continuing consultation with the CCSU, the Trade Union side of the Joint Co-ordinating Committee for government industrials and the Commission for Racial Equality, and possibly the major national ethnic minority organisations; Community Relations Councils in the survey areas will also be approached for any advice and help they can give.

I am copying this letter to the Prime Minister, Ministers in charge of departments, Barney Hayhoe and Sir Robert Armstrong.

Yours,

GOWRIE

ANNEX A

REGIONALLY PHASED ETHNIC SURVEYS*

1. East and West Midlands - by no later than December 1985 (48,575 civil servants)

2. London, South East and East Anglia - by no later than December 1986 (228,743 civil servants)

3. The North, Yorkshire and Humberside - by no later than June 1987 (64,070 civil servants)

4. Scotland and Northern Ireland - by no later than December 1987 (51,945 civil servants)

5. Wales and the remainder - by no later than June 1988 (66,140 civil servants)

A table estimating the proportion of persons of working age in households where the head was born in the New Commonwealth or Pakistan (NCWP) is overleaf. This has been obtained using the 1981 Census returns.

* consistent with the organisational structure of departments

Cabinet Office

Management & Personnel Office

Whitehall SW1

PRESS RELEASE No.2/85

28 January 1985

GOVERNMENT TO CARRY OUT ETHNIC SURVEYS OF ALL CIVIL SERVANTS

Following earlier limited surveys, the Government has now decided to carry out ethnic surveys of the rest of the Civil Service, including industrial staff.

Lord Gowrie, Chancellor of the Duchy of Lancaster and Minister responsible for the day-to-day management of the Civil Service, today announced, in a Parliamentary Answer in the House of Lords:

"The Government has decided to follow the ethnic surveys undertaken in the North West and County of Avon with surveys of all remaining non-industrial staff in a phased programme during 1985-88. The first stage of the programme will cover all non-industrial staff in the East and West Midlands later this year. All new entrants to the Civil Service will also be covered as soon as the necessary arrangements can be made. Separate arrangements are being worked out for industrial staff. Consideration will be given to further monitoring of recruitment schemes in the light of the results of the recruitment surveys undertaken last year in the North West and County of Avon; the data from these surveys are now being analysed and we expect to publish the report in the spring."

During 1983 the Government conducted ethnic surveys covering all non-industrial civil servants (some 64,000) in the North West and the County of Avon. A report on the surveys was published on 23 July 1984. Surveys were also carried out of recruitment schemes for Civil Service posts in the North West and County of Avon held during the period March-August 1984. The results of these are now being analysed.

Information Services
Room 57/G
Government Offices
Great George Street
LONDON
SW1P 3AL

(Tel: 01-233 6147)

NOTES FOR EDITORS

1. It is the policy of the Civil Service that all eligible persons should have equal opportunity for employment and advancement in the Civil Service on the basis of their ability and qualifications and fitness for the work. The Government is and will remain committed to a policy of equal opportunity in the Civil Service.

2. A report on the surveys in the North West and County of Avon was published in July 1984.(1)

3. A model Code of Practice for safeguarding the confidentiality of the ethnic data has been agreed with the Council of Civil Service Unions for adaptation by departments to their particular procedures and needs.

4. It is hoped that a report on the ethnic survey of recruitment schemes held during March-August 1984 in the North West and Avon will be published in the Spring of this year.

5. Industrial civil servants are now to be included in the surveys following agreement of the Trade Union Side of the Joint Co-ordinating Committee for Goverment Industrials to the principle of ethnic classification. Because the working environment and management systems are different from those for non-industrials, an appropriate method and timetable for the surveys will have to be worked out with the Industrial unions.

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(1) Ethnic Surveys of non-industrial staff in the Civil Service: North West and Avon (Cabinet Office (Management and Personnel Office) 1984).

6. Annex A shows the currently projected timetable for the phased programme of surveys. It is recognised, however, that there will need to be some flexibility to accommodate particular circumstances in departments.

7. In addition to ethnic surveys, a review of Civil Service personnel policies and procedures with regard to their impact on race relations has been undertaken with the co-operation of the Council of Civil Service Unions. The report on the review, entitled 'Race Relations: A Review of Policies and Procedures in the Civil Service', was published in December 1983 and made 30 recommendations.

In announcing the report on the North West and Avon surveys in July 1984, Lord Gowrie said that the Government wished to give further encouragement to people from the ethnic minorities to apply for Civil Service posts and was determined to ensure that they were given full equality of opportunity both at the recruitment stage and in their subsequent careers, and that to this end the recommendations in this report were being vigorously followed up.

CIVIL SERVICE: Long Term Policy: Pt 17.

ANNEX A

REGIONALLY PHASED ETHNIC SURVEYS

1. East and West Midlands - by no later than December 1985 (48,300 civil servants).

2. London, South East and East Anglia - by no later than December 1986 (211,000 civil servants).

3. The North, Yorkshire and Humberside - by no later than June 1987 (62,500 civil servants).

4. Scotland and Northern Ireland - by no later than December 1987 (52,000 civil servants).

5. Wales and the remainder - by no later than June 1988 (64,200 civil servants).

Chancellor of the Duchy of Lancaster

cNO

B/f 1 Feb

PRIME MINISTER

pc. 16

SENIOR MANAGEMENT DEVELOPMENT PROGRAMME

In August 1984 you endorsed the proposals in the Coster "Training for Senior Management" Report, and directed that work should proceed to give effect to them, and later asked for a progress report. The attached minute from Sir Robert Armstrong, which I commend to you, contains this progress report.

The SMDP proposals are a sensible way of introducing a systematic framework to our job posting and training arrangements, particularly for younger staff at broadly the Principal to Assistant Secretary level. They seek to ensure that a clear and recognised pattern of development takes place which is of benefit to management and makes the best use of the individual. The potential of the SMDP is sufficiently important for us to ensure that we devote sufficient time and effort to getting the foundation well laid before it is formally launched. I think, therefore, that the aim of starting the Programme in September 1985 makes good sense as it will enable us to benefit from the work now being done to get a clearer definition of the areas of expertise which people need if they are to do their jobs effectively.

I am satisfied with the way plans are developing and will make a further progress report to you by mid-summer. When the Programme is launched it will be important not only for Ministers and top civil servants to support the Programme but for them to be clearly seen to be doing so. If I may, I will invite you to write to colleagues in charge of Departments at an appropriate time seeking their support of the SMDP in their Departments.

I am copying this and Sir Robert Armstrong's minute to the Minister of State, Treasury and Sir Robin Ibbs.

G.

GOWRIE
28 January 1985

L. Service
L. Ferrari
PE17

Ref. A085/228

1. CHANCELLOR OF THE DUCHY OF LANCASTER

2. PRIME MINISTER

Senior Management Development Programme

On 6 August 1984 you endorsed the proposals for a Senior Management Development Programme (SMDP) contained in the Coster "Training for Senior Management" Report. You later asked for a progress report which your Private Office agreed should be made in January 1985.

2. The proposals for the SMDP were made in the light of your comment that the Top Management Programme (for new Grade 3 staff (Under Secretaries) and their counterparts in the private sector) was unlikely to succeed unless eligible staff had suitable training earlier in their careers. The SMDP is, therefore, aimed at younger staff between Principal level and Grade 4 (Assistant Secretary plus) in all occupations, and has two primary objectives:

a. better preparation for those with potential to get to Grade 3 and above; and

b. better performance at the levels from Principal to Grade 4, whether or not the participants are likely to reach Grade 3 or above.

The SMDP aims to provide an integrated approach to more effective management development through a combination of relevant job experience, secondments, projects and training throughout the years spent in these grades. Training is only one, although important, part of it.

3. We had originally intended to make a start with the introduction of the SMDP early in 1985 whilst work to develop a basic standard proceeded. It quickly became clear from our own work and from consultations with Departments that it would be important, if the

SMDP was to be the vehicle for change and improvement which we intended, for it to be reasonably well developed before it is launched. I am sure that this is the approach that will give us best value, and we are now aiming to launch SMDP in September 1985.

4. The first step in developing SMDP is the definition of competencies (ie those areas of expertise in policy, management or other issues which staff need to be good at if they are to do their jobs well and to develop effectively). The Coster Report suggested that there were a group of Service-wide competencies which were relevant to many Departments and areas of work, and that the Cabinet Office (MPO) should define these. Work to do this is on target, with a questionnaire survey of potential SMDP participants being well under way; the results from this should be available in February. This working level view is being supplemented by interviews with a selection of Permanent Secretaries, top specialists and other top managers about what they want out of staff - and particularly from good young staff at Principal level/Grade 4. The Report from these interviews should be available by the beginning of February and agreement on the Service-wide competencies should be reached by Easter.

5. Departments will themselves be working to determine the competencies that are specific to them. It will not be possible to take this work far until the first draft of the Service-wide competencies is available, but we are making our questionnaire and methodology available to Departments to use if they wish. The aim is for the departmental competencies to be settled by mid-summer.

6. We aim also to have available to Departments by July the training and development logs which individuals who participate in SMDP will need, together with detailed management guidelines and the first edition of a "directory" of training opportunities which will indicate where relevant training can be found at the Civil Service College and elsewhere.

7. Your Private Secretary's minute of 28 August 1984 endorsed Sir Robin Ibbs's proposal that we should set out performance targets for SMDP. That proposal was made when it was hoped to start introduction of the SMDP early in 1985, rather than in a more fully developed version in September 1985. We are not ready to go firm on performance targets yet, and it would be premature to do so; but our present thinking is that in the first year or so they should be fairly simple and aimed at getting the SMDP into operation. A more qualitative approach can be introduced once it is up and running. Possible performance targets we have in mind for Departments are:

a. opportunity to participate in SMDP given to all eligible staff by August 1985;

b. necessary information and documentation to participating staff by September 1985;

c. training plans agreed by all participating staff and their management by March 1986:

d. each Department to have set by end 1985 target participation rate for eligible staff. This to be monitored by end 1986 (targets may well vary from Department to Department).

8. Implementation of the SMDP will put heavy pressure on the system at some points which are already tightly stretched. There is, for example, the resource demand arising from the release of staff who are likely to be among the best at their level for relevant and necessary training; my judgment is that Departments recognise that they have to absorb this. There will also be demands upon Personnel Divisions to manage the SMDP, at a time when they are having to cope with major changes flowing from other important management initiatives. If we are to get the best out of SMDP it will need to be managed well; participants should have

effective guidance and counselling available to them; and Departments will have to plan constructively the integration of job experience and training, and there will need to be "stocktakings" of individual and departmental progress.

9. I believe that the SMDP is being set up on the right lines, and will lead to a more effective Civil Service. I will report again in the middle of the year, when the scheme is nearly ready to start.

RTA

ROBERT ARMSTRONG

23 January 1985

C. Service
L. Term
PE17

cc NAT HEALTH: Warnock
HOME AFFAIRS: Sunday opening
NOTE

Note: Spoke to Chris Beaumont re X. The Lord President will report to Cabinet by minute, for consideration on 24 Jan.

DMB 21/1

CONFIDENTIAL

PRIME MINISTER

H COMMITTEE LAST WEEK

Surrogacy

The Committee considered Norman Fowler's recommendation for legislation this session to outlaw commercial surrogacy. On the whole, they thought his reaction rather hasty, with the moral arguments less than clear-cut, and the boundary between commercial and non-commercial surrogacy difficult to draw. The Lord President will report the issues to Cabinet, with a recommendation against legislation this session.

X/ No no

Shops Act

H endorsed the Home Secretary's proposals for repeal of Sunday trading restrictions. They invited him to consult Mr. King about the relationship with his review of Wages Councils.

Ethnic Monitoring in the Civil Service

The Committee supported Lord Gowrie's proposals for service-wide ethnic monitoring. They did consider your idea of sampling, but were advised that the number of people from ethnic minorities was so small that samples were statistically unreliable.

DMB

18 January, 1985.

CONFIDENTIAL

MT

Chancellor of the Duchy of Lancaster

Prime Minister (2)

Await H Minutes.
DMB 16/1

You queried this.
The Chief Secretary has gone along with Lord Gowrie's proposal for phased - but eventually comprehensive - monitoring.
The Lord President will report H Committee's views.
DMB 15/1

PRIME MINISTER

H(85)3: ETHNIC COUNTING IN THE CIVIL SERVICE

I understand that you have expressed some doubts about the recommendations for a phased extension of ethnic counting across the Civil Service which are to be considered by H Committee on Wednesday, and have asked whether use could be made of random sampling.

I am afraid random sampling is not really a runner in this case. Given the very low proportion of civil servants from the ethnic minorities, perhaps as low as 2%, a large sample would be needed to produce statistically significant results in line with the Home Secretary's advice to me that a firm government effort as regards its own employees would be widely welcomed.

The cost of £275,000 (a figure I would be likely to have to declare in Parliament) spread over 3 years, is not great and would not account for more than .003% of the gross annual cost of Civil Service pay and general expenses. It had always been understood that there would be no net addition to departmental budgets on this account and the Chief Secretary is fully aware of this.

I am copying this minute to Sir Robert Armstrong.

G.

GOWRIE
14 January 1985

CF: I have asked MPO for a further note tonight.

-Have chased 7.50pm

-didn't arrive. DMB 14/1

PRIME MINISTER

ETHNIC MONITORING

H. Committee will be considering next week a paper from Lord Gowrie on ethnic monitoring in the civil service.

Experimental surveys have been carried out in the North West and in Avon. The results are statistically deficient but tend to show that the ethnic minorities are substantially under-represented in the civil service, as compared with the local population.

The Commission for Racial Equality have published a Code of Practice, which has been approved by Parliament, recommending employers to undertake ethnic monitoring. After some dithering, the civil service unions also support the idea; and Lord Gowrie now proposes to extend monitoring to the civil service as a whole.

If the Committee agrees he will make an early announcement to this effect. The introduction of monitoring would be phased between now and 1988.

DT

PP

DB

Do we have to. Can we do random sampling. The C.S. wants this throughout service. Very minded not

11 January, 1985

Cabinet / Cabinet Committee Document

The following document, which was enclosed on this file, has been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES.

Reference: H(85)3

Date: 9 January 1985

Signed PWayland Date 19 November 2013

PREM Records Team

File

10 DOWNING STREET

From the Private Secretary

10 December 1984

TOP MANAGEMENT PROGRAMME

The Prime Minister has now had an opportunity to consider the Chancellor of the Duchy's minute of 30 November about the Top Management Programme.

The Prime Minister agrees that the Programme may be announced, and that Lord Gowrie should send copies of the progress report to the Chairman of the TCSC and the Civil Service unions.

David Barclay

Paul Thomas, Esq.,
Chancellor of the Duchy of Lancaster's Office.

File

10 DOWNING STREET

From the Private Secretary

6 December 1984

INSPECTION AND CONSULTANCY SERVICES IN DEPARTMENTS

The Prime Minister has considered the Chief Secretary's minute of 29 November about inspection and consultancy services, in conjunction with Sir Robin Ibbs' comments in his minute of 4 December.

The Prime Minister agrees that a small central unit, drawn jointly from the Treasury and MPO, should be set up to give a lead in implementation of the CIR report. She also agrees that the establishment of the new unit may now be announced.

The Prime Minister would be grateful if Sir Robin Ibbs could be consulted about the terms of reference of the unit, together with its objectives and targets, as he asks in his minute of 4 December.

I am copying this letter to Paul Thomas (Chancellor of the Duchy of Lancaster's Office), Richard Hatfield (Cabinet Office) and to Sir Robin Ibbs.

David Barclay

Richard Broadbent, Esq.,
Chief Secretary's Office,
H.M. Treasury.

Prime Minister (1)

You asked for Sir Robin's views.

Agree (i) small central unit can be set up?

(ii) Sir Robin should be consulted on terms of reference, objectives and targets?

Yes

Dmb 4/12

PRIME MINISTER

JOINT CO-ORDINATION UNIT

Peter Rees sent you a minute on 29 November about his proposal to set up a joint unit to coordinate the inspection and consultancy work of the Central Departments and to assist in the implementation of the CIR report.

The report emphasised that it was essential that the central departments should work together in the management support area. If the central departments consider that by setting up this new group they will have the means of beginning this process, that is a matter for them and I would not wish to second guess them.

There are a number of areas where central coordination is desirable and it would be wasteful to set up separate units. For example, I assume that among its terms of reference, this joint unit will have responsibility for maintaining the momentum of the FMI, and the review of the organisation and role of the CIR Services of the central departments referred to in the second paragraph of Peter's minute to you.

However, the effectiveness of this unit must be judged by its results. These can only be measured if it is given very clear objectives and targets which set out what it is expected that the unit should achieve and by when. I shall be interested to see the terms of reference of the unit together with its objectives and targets when these are developed.

I am copying this to Peter Rees, Grey Gowrie and Robert Armstrong.

Kate Jenkins

for ROBIN IBBS
4 December 1984

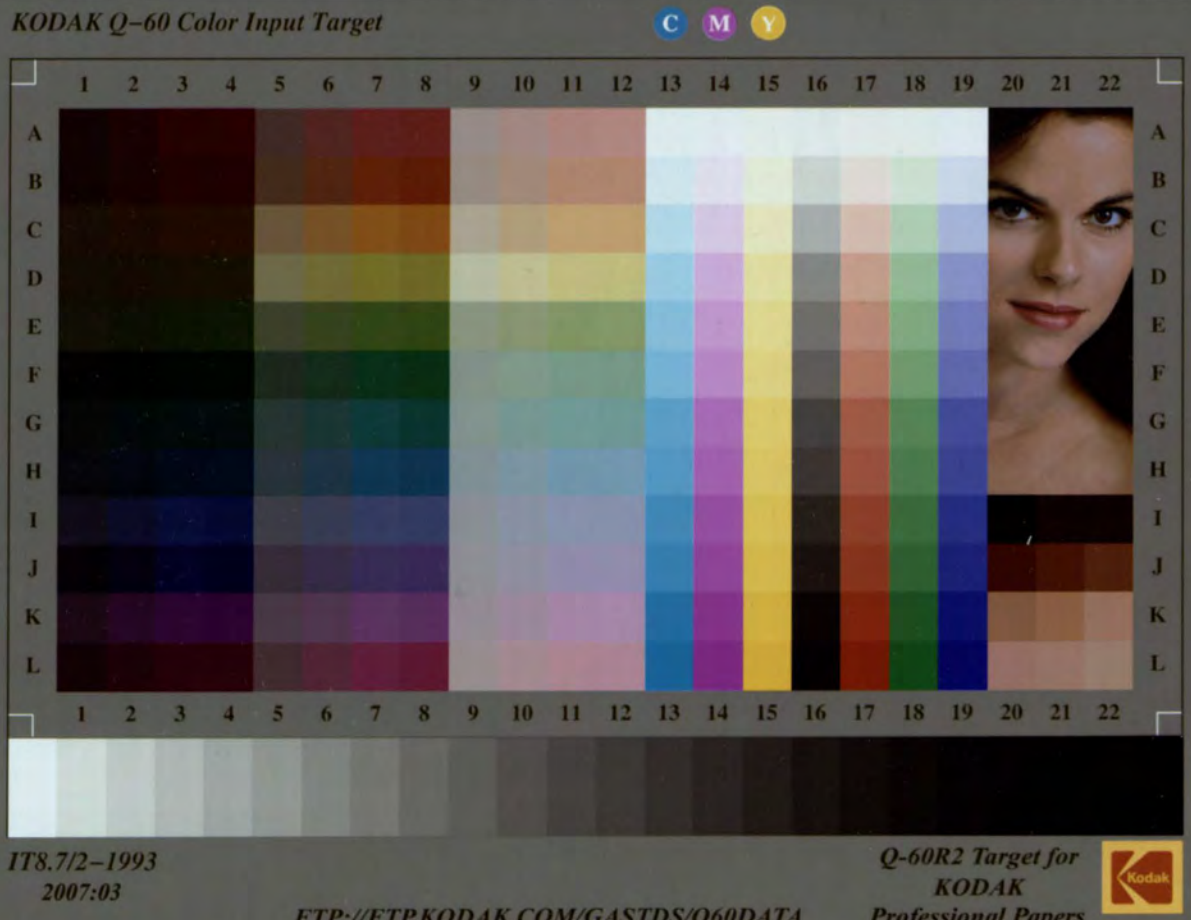
[Dictated by Robin Ibbs and signed in his absence]

PART 16 ends:-

CDL to PM
~~SS/DCS to CDL~~. 30.11.84.

PART 17. begins:-

Sir R. Ibbs to PM 4.12.84.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