

FROM: THE RT.HON. SIR KEITH JOSEPH, Bt, MP



CONFIDENTIAL

per

KJ/SMC

28th September 1977

Rt.Hon. Mrs. Margaret Thatcher, MP.

Dear Margaret.

You will remember authorising me to ask John Hunt for information in connection with the possible pay of possible advisers. Here is his answer of 19th September with an enclosure. I have acknowledged and have kept a copy.

The information available will be useful when you come to make decisions in this area.

Yours,

Keith

Encl.



CABINET OFFICE

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From the Secretary of the Cabinet: Sir John Hunt GCB

Ref: A05567

19th September 1977

Dea. Sir Keith.

Imports into the Civil Service

When we met in July I promised to let you have some information about the special arrangements under which posts may be filled from outside the Civil Service in Government Departments.

2. Senior appointments are made from time to time in a number of different ways to provide special skills and experience which do not reside within the Civil Service. Appointments of this kind may be inspired politically or arise more directly from the needs of existing work. Examples of such appointments have included industrial advisers, economic advisers, members of the team of businessmen appointed by the 1970-74 Conservative Government, special advisers, and some members of the Central Policy Review Staff. Specific non-political appointments have included the Head of Defence Sales, the Head of the Government Accountancy Service and the Chief Scientist in the Department of Industry.

3. The terms of appointment of people in this group may provide for:-

- (a) a limited period appointment, for not more than five years;
- (b) a limited period appointment terminating with a change of political administration or of the appointing Minister;
- (c) appointment for completion of a specified assignment - as in a consultancy;
- (d) permanent established appointment, provided exceptionally, recruitment being conducted through the Civil Service Commission.

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The Rt Hon Sir Keith Joseph MP

4. In all cases of limited period appointment, individual officers may retain links with their previous employer by means of formal secondment or some other arrangement

5 Both the method and amount of pay are largely matters for Ministerial decision according to circumstances. Non-permanent appointees may receive a salary directly from public funds, or they may continue to be paid by a seconding body in turn reimbursed from public funds. There is also precedent for payment by a third party, such as a trust or political party. In all cases any salary paid from public funds, either directly or indirectly, may be supplemented by "topping up" financed by a seconding or other outside body. And there is the further possibility of fee-paid consultancies.

6. Salaries from public funds may be related to specific Civil Service pay scales, or negotiated in a case by case basis from the current salary of the individual concerned. We would normally expect the amount of salary to have regard to the level of the work being performed. And it would generally be undesirable, although there are a number of precedents, for the salary, excluding any topping up, to exceed that of any official to whom the outside entrant may report or for the salary we pay to exceed that of a Permanent Secretary.

7. People recruited from outside such as businessmen and industrial advisers have been both directly employed and seconded. In the latter case reimbursement was originally limited to $\frac{1}{3}$ of the salary cost and was subject in some instances to an upper limit. However the $\frac{2}{3}$ rule and the upper limit have been progressively relaxed, and are now little more than guidelines. Special advisers have been directly employed except in a few cases where they have been paid from non-public funds without reimbursement. Economic and other expert advisers have generally been directly employed.

8. Those directly employed by the Civil Service are eligible to enter the Principal Civil Service Pension Scheme. Alternatively, contributions to some other scheme or arrangement may be paid from public funds, in which event however they would be calculated as extra salary cost to be taken into account in deciding the rate of pay.

9. All those appointed to the Civil Service are generally subject to the terms and conditions of service applying to civil servants generally, and in particular to those terms relating to conduct and security. (People for whom there is no reimbursement or direct payment from public funds, and fee paid consultants, would not normally be considered as appointed to the Civil Service, and the foregoing would not therefore apply - although such people are bound nevertheless by the provisions of the Official Secrets Act, and are expected to behave generally with appropriate discretion since Ministers remain answerable for their conduct.)

10. I enclose a copy of the rules of conduct which apply to civil servants. These are in the form of extracts from the Civil Service Pay and Conditions of Service Code and the Establishment Officers' Guide. It is open to the Prime Minister of the day to vary these in particular kinds of appointee, providing specifically for any amendment to the normal rules in letters of appointment. In practice however the only substantial amendment has concerned the political activities of special advisers, where the strict requirements otherwise attaching to civil servants in the politically-restricted grouping have been partially relaxed in recognition of special advisers' particular role in maintaining contact on behalf of their Minister with the Minister's own political party. This relaxation does not extend of course to Parliamentary candidature, where the prior resignation of Crown servants is required by Order in Council.

11. Thus there is a good deal of flexibility in the terms under which people can be brought in. It is however usually necessary also to examine with some care the risk of any conflicts of interest, pecuniary or otherwise, which public criticism might envisage between official duties and other organisations with whom a non-permanent officer may be associated. This would not normally require any amendment to the normal conditions of service, but may circumscribe either the relations (including topping up) with another organisation which the officer may be permitted to continue, or the access he may have to official information (e. g. trade secrets or other sensitive material).

12. Civil Service unions sometimes object to appointments made to senior posts from sources outside the Service. The extent to which such objections can be satisfactorily answered is closely related to the scale on which the appointments are made and the extent to which the remuneration of those brought in from outside differs from that of "equivalent" civil servants. Subject to this comment there have been so far no significant constraints upon the procedures whereby people other than civil servants are appointed to non-permanent posts to help government carry out its many tasks.

Yours sincerely,

John H. V.