



10 DOWNING STREET

File TMV
Mr Whitmore (or.)
wm 28/8

From the Private Secretary

27 August 1981

Dear Jim

CHAIN OF COMMAND

The Prime Minister was grateful for Lord Soames' minute of 20 August.

She is content for the Lord President to proceed by writing to his colleagues to set in hand the follow-up to the Wardale Report. But she has made a number of amendments to his proposed draft letter. I attach the revised version. The amendments she has made reflect her comments which are as follows:

- (a) she feels very strongly that some sort of initial target is needed to give an indication of the level of reductions in open structure posts that we are hoping for. She agrees with what the Lord President says about avoiding a purely arbitrary target, but she does not consider this to be a reason for not setting a test target for the reviews by Permanent Secretaries;
- (b) she is grateful to the Lord President for proposing that the CSD should assist with the reviews and would like to suggest that the CSD's work should be co-ordinated by a single official;
- (c) she has previously made clear that retired senior officials are not the most appropriate people to employ as consultants on the Wardale reviews: she feels that the Lord President should consider using outside consultants;
- (d) the Prime Minister would like Sir Derek Rayner's office to be associated with the reviews;
- (e) she feels that the Lord President should ask for a progress report for Ministers on the reviews of the lower grades, and suggests that March 1982 might be a suitable deadline;
- (f) finally, the Prime Minister feels that the deadline of December for the reviews by Permanent Secretaries is perhaps too tough and she has proposed the end of February 1982 instead.

BF ||

LF

/She hopes

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She hopes the Lord President will now feel able to write to colleagues on the lines of the attached draft.

I am copying this letter to David Wright and Clive Priestley (Cabinet Office).

Yours

Willie Rickett

Jim Buckley, Esq.,
Lord President's Office.

MANAGEMENT IN CONFIDENCE

DRAFT LETTER FROM THE LORD PRESIDENT TO THE HOME SECRETARY

Chain of Command: Open Structure

Earlier this year a small team led by Sir Geoffrey Wardale visited several departments, including your own, to look at the scope for simplifying the chain of command in the Open Structure (i.e. Civil Service posts at Under Secretary level and above). I enclose a copy of their Report. I am very grateful to colleagues and their officials for the help given to Sir Geoffrey Wardale and his team.

The Report concludes that while no grade should be abolished, there is a real need to root out unnecessary posts. It recommends too that there should be no presumption that all grades should be used in any one chain of command; that certain criteria should be met before a management level is justified; and, most important, that there should be regular reviews of senior posts, including the examination of work by or on behalf of the CSD.

I have discussed the Report with the Prime Minister. She has agreed that we should accept its main recommendations and proceed to implement and build upon them in the following way:-

1. All Ministers should be invited to commission their Permanent Secretaries to take the lead personally in conducting a rigorous assessment of each Open Structure post and of whether successive levels in the hierarchy are essential, in accordance with the principles laid down in the Report. In order to test the need for the existing number of Open Structure posts in a department, it should be compared with the number in 1964 or, if this is not possible for historical or other reasons, subjected to a possible 30% reduction.

2. I have nominated (CSD) to co-ordinate my Department's contribution to the review and liaison with other Departments. The Assistant Secretaries in the

*I agree today
a revised version
of this sentence
with Mr Buckley.
H.H.
8.12.79.*

*Buckley
says to
say that
the last bit
would read -
"... 35%
reduction
compared
with
April 1979."
I said
OK
TL 11/9*

/Manpower Divisions

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Manpower Divisions of the CSD should be closely involved in the examination of selected important areas.

3. I would be willing to reinforce these limited CSD resources by employing a few consultants to help with some reviews.

4. The reviews should cover the specialist and (in London) the Diplomatic Service posts not examined by Wardale.

5. Sir Derek Rayner and his office will be associated with the review, although not closely involved in it on a day-by-day basis.

6. The reviews should apply the principles suggested in the Wardale report. They should also be cost-conscious and test the feasibility and implications of introducing the general rule, suggested by Sir Derek Rayner, that in the interests of both economy of effort and job satisfaction Assistant Secretaries should report directly to Deputy Secretaries and Under Secretaries to Permanent Secretaries.

7. I should be grateful if Ministers would kindly let me have their appraisal by the end of February 1982 at the latest. As soon as possible thereafter firm targets can be agreed for each Department. The Report shows that there is scope for a substantial reduction, and we must make sure that we achieve it.

8. Thereafter, there will be ongoing reviews as proposed in the Wardale Report.

Then there is the question of how we should proceed with a similar exercise on the lower levels where we have union opposition.

/After further

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After further thought, we have concluded that the best way forward is not to launch a separate exercise with a special label below the Open Structure, but to build it into normal machinery of management services and staff inspection, which has recently been strengthened. Sir Derek Rayner agrees. The CSD would help in this with their own inspections and with training. I would ask you and other colleagues to build this into your own priorities for inspection and review over the next 12 months, to keep a close eye on progress, and to keep us closely in touch so that we can review what has been achieved and see what general lessons can be drawn. I should be grateful for a first report on progress by March 1982.

I should be grateful to know by [7 September] whether you and other colleagues are ready to commission your Permanent Secretaries to conduct the proposed reviews of your Open Structure posts, for my intention is to publish the Wardale Report shortly thereafter. We shall do that by sending copies, together with a brief statement of the Government's intentions, to the Select Committee on the Treasury and Civil Service and other interested parties, and making it generally available to inquirers. We shall release the Report to the unions, and discuss it with them, at the same time.

Copies of this letter go to Cabinet colleagues, Sir Robert Armstrong and Sir Derek Rayner.