



PRIME MINISTER

CHAIN OF COMMAND

Your Private Secretary's letter of 4 August set out your views on the proposals I put to you in my minute of 17 July. I have also seen Derek Rayner's letter of 12 August.

2. I agree that we need a target, but should like to approach it in a rather different way. Wardale took the 1965 figures simply as a base to illustrate the growth in the Open Structure over the last 15 years. He did not propose that we should use them as a standard for 1982, and I do not think that we have a sufficient basis for doing so.

3. Various factors contribute to that view:-

(a) Industrial staff, who cause much less work at very senior levels, account for a notably lower proportion of the Civil Service today compared with 1965 (22% compared with 33%).

(b) Since 1965 many services which then required a lot of junior staff have been computerised.

(c) Specialist posts in the Open Structure (eg economists, statisticians, scientists) have grown by 50% since 1965. Some of these posts are probably not now justified and should come out, but there have been good reasons for a considerable increase.

(d) If we applied the 1965 proportion across the board, it would mean a cut of 30% in the Open Structure. That would produce grave upheavals in some departments, for example about 32 posts in Defence; about 25 in the Chancellor of the Exchequer's departments, including 10 in the Treasury; 6 in the Cabinet Office; and 6 in Energy. A number of our colleagues would find this impossible.

I think we should, rather, fix our target by a rigorous examination of the needs of today.

4. I see it also as important for morale and recruitment that we should do it that way, rather than by selecting a purely arbitrary target. When we come to fix the figure we will be able to show that we have good reasons for it.

5. Having said that, we still have to make sure that the job is well and truly done. I think therefore that colleagues should be asked to see that their Permanent Secretaries take the lead personally

MANAGEMENT IN CONFIDENCE

in reviewing their Open Structure posts, which should include the Diplomatic Service and specialist posts not examined by Wardale. To add some independent outside thought I will provide Assistant Secretaries from the CSD to take part in the reviews of as many important areas as possible. But there is a limit to the number of suitable people I can spare for this, so while I entirely agree that the main responsibility must lie with Permanent Secretaries, I should still like to select a small number of retired senior officers and bring them in to work for a few months on behalf of the CSD in a few Departments (always those in which they have not served themselves). I would ask for the reviews to reach me by the end of the year, and would aim to set our target as soon as possible thereafter.

... 6. If you agree, I should like to write to colleagues straight-away on the lines of the attached draft. As soon as I have their consent, we will publish the Wardale report by sending it to the Select Committee and others interested in the Civil Service, indicating the action we are taking. That would help to give us the views of outside commentators as you suggest. The Report would also be made generally available. It would be released to and discussed with the Unions at the same time.

7. On levels below the Open Structure I believe that the best approach is to move ahead straightaway, using the normal strengthened inspection and review machinery of CSD and departments to apply the Wardale principles. Derek Rayner shares this view. It would, of course, be important to monitor and report progress, and I shall make suitable arrangements for this.

8. Are you content? If so I would like to get ahead with the work and should, therefore, prefer not to wait for a meeting after the holiday break.

Copies go to Sir Robert Armstrong and to Sir Derek Rayner.

SOAMES

20 August 1981

*See draft at D.*

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 (ie Civil Service posts at Under Secretary level and above). I enclose a copy of their Report.

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 commission their Permanent Secretaries to take the lead personally in conducting a rigorous assessment of each Open Structure post  
/and

and of whether successive levels in the hierarchy are essential, in accordance with the principles laid down in the Report.

2. The Assistant Secretaries in the Manpower Divisions of the CSD should be closely involved in the examination of selected important areas.

3. I would reinforce these limited CSD resources by enlisting a small number of recently retired senior officials to help with some reviews.

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

5. They should consider the feasibility and implications of introducing any general rule about the use made of senior management levels (Derek Rayner has proposed that Assistant Secretaries should report directly to Deputy Secretaries and Under Secretaries to Permanent Secretaries).

6. The reviews should reach me by the end of December, and as soon as possible thereafter I will propose firm targets. The Report shows that there is scope for a substantial reduction, and we must make sure that we achieve it.

Then

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 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]*

*report?*

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.