

PRIME MINISTER

Paul Channon reports a new scheme to help recruitment of certain Civil Service grades in London. Recent pay research evidence shows that advances of travel costs are now widespread among London employers and Mr. Channon has designed a scheme to allow a six months advance of London Weighting to be available once a year to help London staff buy annual season tickets. He is prepared to introduce it from 1 October this year but hopes first to negotiate an agreement in principle that all staff should be paid by credit transfer, and that new recruits should be told this. The savings will help to offset the interest costs of the advances.

He also reports that London Weighting rates are due to be increased, to £1016 from £780 for Inner London and to £424 from £325 for Outer London. Costs will be met out of the cash limits approved in February.

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CIVIL SERVICE STAFFING PROBLEMS IN LONDON

As you know, retaining certain key grades of civil servants has for a number of years been consistently more difficult in London than in the rest of the country. High turnover and staff shortages were a feature of evidence from both management and unions to the Fulton Committee as long ago as 1967 and in 1975 a joint Central/Local Government Study Group reported on the problems of manning public services in London. Sir Derek Rayner recently referred to this problem in his paper for Cabinet in May. There have also been problems in recruiting some key grades in the Civil Service - such as in the data processing field. This has now become a little easier but there is evidence that wastage rates in London are higher than average, particularly amongst Clerical Officers, Clerical Assistants, Typists and Personal Secretaries.

After Permanent Secretaries discussed this problem at the end of 1979 an interdepartmental working group was set up to consider ways of alleviating the difficulties. That group is about to produce its report which will contain a number of suggestions which should help Departments to retain staff in these grades. The report will in due course be discussed with Establishment Officers and the Council of Civil Service Unions. The single most important item in it will, however, be a proposal that a scheme should be introduced to help with advances of travel costs. This is not a new idea, but so far it has been rejected on the grounds of insufficient evidence that outside employers generally gave such assistance.

The outside position has now changed. This year's pay review showed clearly that an advance of travel costs is now widespread amongst employers in London. I know it too from my personal constituency experience. Normally the value of these schemes would have been taken into account in the "unquantifiable" element in the calculation of pay. But it seemed more sensible to devise a scheme for direct assistance with these advances for those people for whom it was a real problem. So the Council of Civil Service Unions were told that we would look at this problem during the annual consideration of the rate of London Weighting.

We now believe that the most effective and, incidentally, the cheapest method of solving the problem would be, once a year, to pay London Weighting six months in advance to enable London staff to purchase annual season tickets. The Treasury Officer of Accounts has raised no objection to this. The Scheme has been devised for easy processing by computer payroll installations. The repayments will be spread over a reasonable period, say ten months, so as not to impose too big a burden on staff. In the first period of operation, before the number of applications settles to a pattern, it is difficult to estimate the extent of carry over of outstanding advances at the end of the financial year. But we do not think that this will lead to any great difficulties. Apart from this, the scheme will not lead to any new expenditure either in cash or staff, although there will be some modest cost in terms of lost interest, due to the advanced payments. This cannot be estimated precisely, because it depends on the take-up of advances but obviously will be small.

I hope that the new scheme can be introduced from 1 October this year. This will, however, depend on how negotiations with the Council of Civil Service Unions progress. In return I hope to negotiate an agreement in principle that all staff will accept payment of salary by credit transfer and that new recruits will be told on appointment that this is the normal method of payment. This change will produce useful administrative savings to offset the interest costs of advance payments.

I believe these advances of London Weighting will help to retain trained staff particularly in the more junior grades and also help recruitment in London in those grades where it is still necessary. I should be grateful if you, and the other colleagues to whom I am copying this letter, would let me know as quickly as possible that you are content for me to proceed in this way. May I assume that you have no objection if I do not hear by 31 July?

You will also wish to know that the rates of London Weighting are due to be increased to £1,016 for staff in Inner London and £424 Outer. The cost of this is of course within the cash limits for Civil Service pay and manpower approved by Cabinet in February.

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

PAUL CHANNON