

PRIME MINISTER

Chain of Command

When you commented on the Wardale Report, you decided:

- (a) that we should set a target for reducing the number of Deputy Secretary and Under Secretary posts to 1965 proportions;
- (b) that the reviews of senior posts in Departments should be carried out by Permanent Secretaries, aided by the CSD;
- (c) that the Report should be published so that we can benefit from outside views.

Lord Soames has now reacted to your proposals (his minute is at Flag A), and in doing so has taken into account Sir Derek Rayner's comments (at Flag B). He proposes to write to colleagues asking them to set in hand reviews of their senior posts, but with some changes from what you have suggested.

The main burden of the Lord President's comments is that he feels it would be unfair to set an immediate target based on 1965 figures. He would like to set the targets for each department in the light of the reviews of their senior posts that will be carried out by Permanent Secretaries. He feels this would be a less arbitrary way of setting targets.

?  
Lord Soames also proposes that, as you have suggested, Assistant Secretaries from the CSD should take part in the reviews, and that a selection of retired senior officials should be employed to help Permanent Secretaries with the reviews. As soon as he has his colleagues consent, he intends to publish the Wardale Report by sending it to the Select Committee and others interested in the Civil Service, indicating the action we are taking. It would also be released more widely.

I have consulted Sir Derek Rayner's Office. Their advice is at Flag C, but it can be summarised as follows:

/ ( a )

- (a) some sort of initial target is needed to give an indication of the level of reductions we are hoping for, but the target need not be cast in tablets of stone;
- (b) the work of the CSD in the reviews should be coordinated by a single official;
- (c) the Lord President should consider using outside consultants to help Permanent Secretaries with the reviews; (he could include retired senior officials, but he should not exclude other consultants;)
- (d) Sir Derek's Office should be associated with the reviews;
- (e) there should be a progress report to Ministers on the reviews of lower grades, to help keep up momentum. I suggest March 1982 might be a suitable deadline.

May I suggest that you concentrate on the draft letter that Lord Soames proposes to send to his colleagues, and on the amendments that Sir Derek Rayner's Office suggest. I have had these all typed on to a single draft at Flag D so that you can see the changes suggested by Sir Derek's Office more clearly.

If you are happy to proceed in this way, could you indicate which of the Rayner amendments to the draft you agree with?

*CWBR*

25 August 1981

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).

*Ragner amendment:  
Agree? Yes*

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:-

*Ragner addition  
Agree? Yes*

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.

*Ragner Addition  
Agree? Yes*

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

*Ragner Addition  
Agree? Yes*

Lord Soames?  
No  
or

3. [I would reinforce these limited CSD resources by enlisting a small number of recently retired senior officials to help with some reviews.] OR [I would be willing to reinforce these limited CSD resources by employing a few consultants to help with some reviews.]

Rayner?  
Yes  
not

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

Rayner  
Addition:  
Agree? Yes

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.

Lord Soames?  
No  
or

6. [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).]

Rayner?  
Ahead  
not

OR [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.]

Rayner?  
Ahead  
not  
or

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.] OR [The reviews should reach me by the end of December, and as soon as possible thereafter

Lord Soames?  
No.

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.

Rayner:  
Agree?  
Yes not

[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 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.]

Rayner:  
Agree?  
Yes not

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.