



The proposals put forward by departments would reduce the open structure posts in the Civil Service by 155 or 19.5%.

A similar percentage reduction is envisaged for the FCO, and a 16.5% reduction for the Armed Forces. The details are in the Annexes at A. Some further consultation with departments and the unions is required, and further work on setting a means of reviewing senior posts in the future (paragraph 16).
Content with what is proposed?

ms ✓
PRIME MINISTER

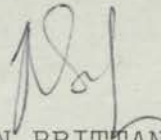
Yes
OPEN STRUCTURE REVIEW

We announced last December the intention to review all civil service posts in the open structure (Under Secretary and above) and equivalent posts in the Diplomatic Service in London and in the Armed Forces. All departments have now carried out this review, and reported to the Treasury. There is more work to do before the result of the operation can be regarded as complete and published. But we have reached a stage where I can send you an interim report. This is attached. WR
2/6

2. Sir Derek Rayner has been kept in touch with the progress of the review and saw and commented on a copy of the draft interim report last week.

3. The main results are summarised in paragraphs 7 and 8 of the report. I endorse what is said there, and the proposal that the remaining steps should be taken as proposed in paragraph 16. I hope you share that view.

4. I am sending copies of this minute and the paper to the Lord Privy Seal, Sir Robert Armstrong and Sir Derek Rayner.


LEON BRITTAN
1 JUNE 1982

Approved by the Chief Secretary
and signed in his absence 7

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OPEN STRUCTURE REVIEW: INTERIM REPORT

This is an interim report on the review of all Civil Service posts in the Open Structure (Under Secretary and above) following the Government's acceptance of the main conclusions and recommendations of the Wardale Review Team announced to Parliament on 1 December 1981 (Annex A).

2. The reviews have been carried out by departments to instructions issued by the Treasury. Senior officers of the Armed Forces have been included in the Ministry of Defence's review; the Foreign and Commonwealth Office have conducted a review of senior Diplomatic Service posts in London.

3. This report brings together the substance of the departmental reports. It is interim because the further steps listed in paragraph 16 below need to be taken before the review can be regarded as completed. In particular there are a number of posts which the Treasury intend to discuss further with the departments concerned. But these are not likely to change the broad outcome of the review. When all has been completed the Treasury will put together a complete and final report which Ministers will probably wish to publish.

The object of the review

4. The object of the review, as stated in the Parliamentary announcement, is to examine how far work at the top of each department could be organised more economically and flexibly, with greater delegation of authority, in order to secure the better use of a smaller number of top staff.

5. Departments have been required to review rigorously all their top posts in the light of the Wardale Report. The Report's conclusions and recommendations are at Annex B. The Wardale Team did not examine

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specialist posts (economists, statisticians, lawyers etc) but these posts have also been included.

The departmental reports

6. The departmental reports reflect the conclusions of the Ministers concerned. In all departments the detailed work on the review has been conducted or closely supervised by the Permanent Secretary. It has commonly included questionnaires and interviews to test each post against the Wardale criteria. Treasury officials have kept in close touch and in six departments have taken part in the inspections and interviews. In two departments they have been assisted by outside consultants.

7. The operation has [redacted] produced fruitful results. The proposals put forward by departments would reduce the number of Open Structure posts in the Home Civil Service by 155 compared with the April 1979 baseline. This is a reduction of 19.5% compared with 14% for the Civil Service as a whole when the 630,000 target is achieved. The proposals for the Armed Forces are a reduction of 36 posts (16.5%) and for the Diplomatic Service in London 6 posts (19.4%). Further details are given in Annex C.

8. The systematic scrutiny of the top management structure of each department and of its working practices will itself have brought benefit quite apart from the reductions in posts proposed. The reports confirm that the removal of posts from the present structures will improve efficiency and economy in administration. It should help to check the "grade creep" pervasive in Whitehall for many years, that is, the tendency to do business at a higher level than warranted by its intrinsic importance or difficulty. Greater delegation should not only speed administrative processes, but give more genuine responsibility to middle and junior management, making jobs at these levels potentially more satisfying and fitting well with the current thrust of general management doctrine.

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9. The reductions will in the main be completed over the next year or so, the majority by April 1984. The Ministry of Defence have however specified 10 posts for saving in 1985 and 1986.

Methods and Consequences of reducing posts

10. Most of the reductions can be achieved by natural wastage. But some early retirements will be needed. Arrangements have been or will be set in hand under the "structural retirement" rules. It is too early to say how far there may be serious difficulty in certain individual cases.

11. One disadvantageous consequence of the operation must be recognised: the impaired promotion prospects for middle and junior staff. This will have an adverse effect on morale and perhaps retention, balanced only partially by the creation of more responsible and satisfying junior posts and the broader satisfaction of working in a more efficient organisation. The MPO and Treasury are considering whether further action should be taken to extend the concept of structural retirement in order to stimulate more earlier retirements to combat this problem. The MPO is pursuing with Departments the handling of the personnel consequences of the review.

Qualifications

12. Certain qualifications should be mentioned.

13. First, one factor in adding to senior posts has been the wish of certain Ministers, in successive administrations, to deal only with a small circle of very senior staff on all issues. If the restructured arrangements are to work as intended, it will be necessary for Ministers, and senior officials themselves, to be prepared to operate through only one or two grades in a chain of command and on occasion to deal with middle and junior officials, as is already the practice in most departments.

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14. Second, the review has been related to work loads as at present or foreseen with certainty. In most departments the proposed new structures are tight. Any large new initiatives which Ministers may wish to pursue will make it necessary to reconsider and perhaps modify the structures now adopted in the departments concerned.

15. The present report does not cover the PSA. Following the arrival of the Chief Executive in January 1982, the beginning of the review was postponed until March. Its findings will contribute to the Chief Executive's study of the future organisation and functions of the PSA to be completed later this year.

Next steps

16. Before submitting a final report on this operation, the Treasury intend to

(a) consult the Heads of the Statistician, Economist and Legal professions about the combined impact of the separate departmental reviews on their professional groups;

(b) discuss further the outstanding cases referred to in paragraph 3;

(c) in accordance with undertakings already given, inform those Civil Service Unions whose members are affected, and give them an opportunity to comment before final decisions are taken;

(d) consider with the MPO what steps may be needed to increase early retirement (paragraph 11);

(e) formulate proposals for the method and frequency of review of Open Structure posts for the future.

Q To ask the Chancellor of the Exchequer whether he will make a statement on the Report by the team led by Sir G Wardale on posts in the Civil Service at Under Secretary level and above.

A I have today arranged for a copy of the Report to be placed in the library.

The review team examined a sample of senior administrative posts. Their Report concludes that all the existing grade-levels are necessary, but that, judged by the principles they have proposed, a number of senior posts can and should be removed. They recommend 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 examination by the Treasury.

The Government accepts the Report's main conclusions and recommendations. All departments are being asked to undertake a rigorous assessment of their senior Civil Service posts. Treasury officials and outside consultants will assist with the reviews. Sir Derek Rayner will also be associated with them. Decisions will be taken, including the setting of any targets and the period needed for run-down, after the departmental reviews have been completed and assessed in the first half of next year. Thereafter there will be regular reviews as proposed in the Report.

The Foreign and Commonwealth Office are conducting a similar review of senior Diplomatic Service posts in London. Senior officers of the Armed Forces will be included in the review made by the Ministry of Defence.

Many senior civil servants carry a heavy burden of work in the service of the nation. Neither the Report nor this response by the Government call that into question. The issue to be examined is how far the work can be organised more economically and flexibly, with greater delegation of authority, in order to secure the better use of the high abilities of a smaller number in the top ranks of the Service.

WARDALE REPORT
CONCLUSIONS AND RECOMMENDATIONS

- 6.1 There are chains of command in which all existing levels, using all available Open Structure grades, are needed, and where there would be a risk of serious damage if a level was removed. Therefore, no Open Structure grade should be abolished.
- 6.2 There are unnecessary posts. On the basis of what we have seen, a number of Open Structure posts can be removed and should be. It is not possible for us to quantify this. Change will result from the process of defining jobs and testing them against the criteria we set out below, and from the review arrangements we recommend. We note that the Open Structure is already being reduced in size.
- 6.3 There is no regular review of Open Structure posts at present. This should be remedied. All Open Structure posts should be reviewed at least every five years. This should involve a comprehensive examination either of a whole department or a significant part of it. The CSD's control should be reinforced by the examination of work in departments using agents of suitable status and experience.
- 6.4 Line managers in departments at all levels have no incentive, apart from external pressure, to contain and where possible reduce the number of staff below them. Appraisal of performance should take account of how well job holders have used the manpower available to them.
- 6.5 It should not be assumed as a matter of course that all grades should figure in all chains of command. The present practice by which work does not pass through all levels is right, should be extended, and should be reflected in the formal description of the organisation. The onus should be on those who see a need for all available levels to be used to make a case for that.

6.6 Grade and level must be carefully distinguished. The criteria for determining the number of levels are not the same as those for determining what grade the posts should be. We have considered our findings within the framework which we described in Chapter IV. We recommend that the number of levels in a chain of command should be examined with a view to reduction unless all the following conditions are evident:

- i) a clear difference in weight of the jobs done at different levels. The more senior levels should be taking decisions not taken below, thinking and tackling problems over a larger canvas, having an impact on a distinctly bigger area in terms of resources and/or policy significance, and managing more in the sense in which we define the word in this report.
- ii) a difference of substance in purpose of the jobs at different levels. A job at one level should be there for a reason which is distinct from, though logically related to, the reasons for which the jobs above and below are needed. That is, the department should be seeking an identifiably different contribution from it. Each job should have a firm, tangible core of its own. It should be justified by the work it has to do, not on grounds of span of control.
- iii) a demonstrable requirement in the content of the job to integrate the work of the levels below and co-ordinate it with other areas of activity. The first test of this is whether there is some clear affinity between the blocks of work below, rather than an apparently random grouping. (It would follow that where a largely self-contained Under Secretary command has been placed in a Deputy Secretary grouping because "it has to go somewhere", there is likely to be a strong case for having it report direct to the Permanent Secretary. In such a self-contained command, the Under Secretary would be expected to be the last hand on all but the most important issues - which would by definition probably go to the Permanent Secretary anyway.)

- 6.7 Jobs at this level should be active, not passive. Job holders should be seeking to achieve defined ends. They should initiate change and action, not simply respond as required to items which have their name on them. Jobs should not be ill-defined in purpose with their holders left to "carve out" a useful job according to their ability. Jobs should not be undoable because accountability is diffused in such a way as to make progress impossible. Where departments have not already done so, they should as a matter of urgency define Open Structure jobs in terms of their purpose and the continuing results needed from them if that purpose is to be met.
- 6.8 Our terms of reference exclude specialist chains of command, and we have not examined any. But the principles we have formulated and the recommendations we have made are in general applicable also to specialist posts. We therefore recommend that reviews of Open Structure posts should include specialist posts, which should be examined in accordance with what we have proposed for the posts within our remit.
- 6.9 We do not put forward our recommendations simply in order to save salaries and overheads, to set an example to the rest of the Civil Service, to demonstrate to the outside world that top posts are not immune from cuts, or to place greater responsibility on job holders at lower levels. These might be good reasons for change. But they could be outweighed if there was a risk that Ministers would be less well served, that less adequate consideration were given to important matters affecting many citizens, or that some people who already work too hard for not particularly high pay were further pressed. We do not see the choice in these terms. Ministers and the community will be better served if all jobs are real with a challenging but attainable contribution expected from each one. Such clarity should actually reduce the total quantity of work to be done, though not the results achieved from it. It should also create more rewarding and satisfying jobs.

SUMMARY OF DEPARTMENTAL PROPOSALS

| | April 1979 | January 1982 | Proposed | Reductions compared with April 1979 |
|---|---------------|------------------------------------|----------|--|
| 1. Open Structure posts in the Home Civil Service | 795 | 712 | 640 | 155(19.5%) |
| 2. Open structure posts in the Foreign & Commonwealth Office in London | 31 | 28 | 25 | 6(19.4%) |
| 3. Senior officers (open structure equivalent) of the Armed Forces | 217 | 205 | 181 | 36(16.6%) |
| 4. Grades: | | | | |
| Permanent Secretary | 40 | 38 (3 reductions 1 new post) | 37 | 3(7.5%) |
| Deputy Secretary | 164 | 145 | 135 | 29(17.7%) |
| Under Secretary | 591 | 529 | 468 | 123(20.8%) |
| 5. Specialists posts in the open structure (lawyers, economists, statisticians etc) | 302 | 277 | 238 | 64(21.2%) |

OPEN STRUCTURE REVIEW - DEPARTMENTAL PROPOSALS

DEPARTMENTS WITH 10 OR MORE OPEN STRUCTURE POSTS AT APRIL 1979

| <u>Department</u> | <u>Staff in post</u> | | <u>Proposals</u> | <u>% Change- over April 1979</u> |
|---------------------------------------|-----------------------|---------------------|------------------|--|
| | <u>April 1979</u> | <u>Jan 1982</u> | | |
| Defence | 111 | 103 | 84 | - 24.3% |
| DISS | 75 | 65 | 56 | - 25.3% |
| Industry | 59½ | 51½ | 49½ | - 16.8% |
| Environment | 51 | 42½ | 37 | - 27.5% |
| Scottish Office | 43 | 41 | 36 | - 16.3% |
| Employment Group | 37 | 33 | 29 | - 21.6% |
| MAFF | 35 | 32 | 30 | - 14.3% |
| Treasury (non CSD posts) | 35 | 31 | 26 |)) - 29.5% |
| Treasury (CSD posts) | 9 | 6 | 5 | |
| MPO | 13½ | 12 | 11 | - 18.5% |
| Revenue | 30 | 28 | 26 | - 13.3% |
| Home Office | 30 | 30 | 27 | - 10.0% |
| Trade | 30 | 23 | 22 | - 26.7% |
| DES | 24 | 22 | 20 | - 16.7% |
| Cabinet Office | 22 | 18 | 17 | - 22.7% |
| Transport | 21 | 22 | 18 | - 14.3% |
| Energy | 20 | 18 | 15 | - 25.0% |
| LCD | 16½ | 16½ | 15½ | - 6.1% |
| Welsh Office | 17 | 15 | 13 | - 23.5% |
| Customs | 16 | 14 | 12 | - 25.0% |
| ODA | 14 | 11 | 11* | - 21.4% |
| Parly Counsel | 11 | 9 | 10 | - 9.1% |
| <u>Sub totals carried forward</u> | <u>720½</u> | <u>643½</u> | <u>570</u> | <u>- 20.9%</u> |

* Subject to outcome of further review.

OPEX STRUCTURE REVIEW - DEPARTMENTAL PROPOSALS

DEPARTMENTS WITH LESS THAN 10 OPEX STRUCTURE POSTS AT APRIL 1979

| <u>Department</u> | <u>Staff in post</u> | | <u>Proposals</u> | |
|------------------------------------|-----------------------|---------------------|------------------|-------------------------------------|
| | <u>April 1979</u> | <u>Jan 1982</u> | | |
| Trsy Solicitor | 9 | 9 | 9 | |
| N Ireland Office | 8 | 8 | 8 | |
| GCHQ | 6 | 6 | 6 | |
| ECCD | 6 | 5 | 6 | |
| OFT | 5 | 4 | 4 | |
| DPP | 4 | 4 | 4 | |
| Govt Actuary | 4 | 4 | 4 | |
| OPCS | 3 | 3 | 3 | |
| DNS | 3 | 3 | 2 | |
| Charity Commission | 3 | 2 | 2 | |
| HMSO | 2 | 1 | 1 | |
| Land Registry | 2 | 2 | 2 | |
| Law Officers' Dept | 2 | 2 | 2 | |
| Lord Advocate's Dept | 2 | 1 | 2 | |
| Prime Minister's Office | 2 | 2 | 2 | |
| Public Trustee Office | 2 | 1 | 1 | |
| Crown Estate Office | 2 | 1 | 1 | |
| Crown Office/PFS | 1 | 3 | 3 | |
| Ordnance Survey | 1 | 1 | 1 | |
| Royal Mint | 1 | 1 | 1 | |
| COI | 1 | 1 | 1 | |
| Scot Courts Admin | 1 | 1 | 1 | |
| IBAP | 1 | 1 | 1 | |
| Public Record Office | 1 | 1 | 1 | |
| Reg of Friendly Socs | 1 | 1 | 1 | |
| Privy Council Office | 1 | 1 | 1 | |
| Civil Service Pay Research Unit | 1 | - | - | |
| | | | | <u>% Change over April 1979</u> |
| Sub totals | 75 | 69 | 70 | - 6.7% |
| Sub totals brought forward | 720½ | 643½ | 570 | - 20.9% |
| GRAND TOTALS | 795½ | 712½ | 640 | - 19.5% |



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