

Prime Minister (2)

ms 15/12

Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone 01-273 } 4400  
GTN 273 }

14 December 1982

The Rt Hon Sir Geoffrey Howe, QC, MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON SW1P 3AG

5 DEC 1982



Dear Sir,

## VOLUNTARY EARLY RETIREMENT

At our meeting on 22 November we discussed the need for premature retirements in Customs & Excise and we also touched upon the question of the package of retirement measures which we are currently discussing with the unions and are hoping to introduce early next year. The discussions with the unions are well advanced and although I do not think we shall be able to secure their overall agreement to the package of measures, mainly because departments have not felt able to accept the unions' proposals for a uniform age retirement policy, I am hoping that they will not actively oppose their introduction.

One of the most important elements of the package is the new Voluntary Early Retirement (VER) Scheme. Under this scheme staff aged 55 and over would be able to retire early with the immediate payment of the pension they have earned, but with no enhancement. Such a scheme would therefore be cheaper than the existing premature retirement arrangements. A similar short-term scheme was introduced in 1980 to help departments meet their financial estimates in 1980-81. The proposed scheme would serve two main purposes:-

- i. it would help departments to achieve an orderly run down up to the 1 April 1984 manpower targets; and
- ii. it would also contribute to the drive for a more efficient Civil Service by encouraging older and less committed staff to leave.

As this would be a comparatively inexpensive way of helping to achieve a slimmer and more efficient workforce we have thought the Treasury would not be opposed to it but I understand that at official level this has not proved to be the case.

The majority of Departments, and as you know Customs & Excise are in the forefront here, are very keen for more early retirements to take place. Departments have suggested to us that about 1,000 staff would be interested across the Service as a whole. On this basis, and given the costs arising from the last similar scheme in 1980-81, we would expect the total cost to the Superannuation Vote to be about £15 million. A large part of this would be



due to the "lump sums" which would simply be brought into payment early. However, we also propose to stop the practice whereby those in junior grades or short service staff who, on reaching 60, retire formally and are re-employed in their existing grades. This will postpone the payment of lump sums in many cases and should therefore act as a substantial offset.

Although precise costings are difficult our initial estimates have indicated that the average early pension costs for those who would volunteer to retire under the VER scheme is likely to be less than the costs of allowing staff to leave under the Job Release scheme, (although the latter is, of course, aimed at a higher age group) and certainly much cheaper than any other form of premature retirement. Moreover the scheme will be used to assist the manpower run-down, and a proportion of those who leave under it will not be replaced. There will therefore be some salary savings which will help to offset the costs of the scheme. My intention would be to introduce a pilot scheme for 6 months so that we can more accurately gauge the response and the costs. At the end of that period the benefits of and need for the scheme could be reviewed.

I would be grateful therefore for your early approval to the introduction of a pilot scheme on this basis. Although the unions tend to regard VER as "redundancy on the cheap" they are unlikely to oppose it since only volunteers will be involved.

I am copying this letter to Cabinet colleagues.

*Your own*

*Davis*

BARONESS YOUNG





44/52



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

Mrs M Brown  
Private Secretary to the  
Lord Privy Seal  
Management and Personnel  
Office

28 January 1983

*Dear Mary,*

VOLUNTARY EARLY RETIREMENT

As you know the Chancellor has discussed with the Lord Privy Seal the proposals for a Voluntary Early Retirement Scheme contained in her letter of 14 December. This is to confirm that the Treasury has now approved the scheme, subject to certain qualifications. I understand that MPO officials will shortly be consulting Principal Establishment Officers on the detail.

The purpose of this letter is mainly to keep other departments informed and I am therefore copying it to the Private Secretaries to members of the Cabinet and to Sir Robert Armstrong.

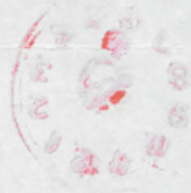
*Yours sincerely,*

*Margaret O'Mara*

MISS M O'MARA  
Private Secretary



Civil Service,  
Long Term, A+12



31 JAN 1963





gc 52  
Prime Minister (4)

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MUS 25/1

The Rt Hon Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON SW1

25 January 1983

*D Geoffrey*

VOLUNTARY EARLY RETIREMENT

I have seen a copy of Janet Young's letter to you of 14 December proposing a Voluntary Early Retirement (VER) for the civil service, which has been followed by letters of support from Hugh Rossi and Patrick Jenkin.

In the DE Group, we would welcome such a scheme; it would help us deal with personal repercussions of the reorganisations in the Manpower Services Commission and the Unemployment Benefit Service. Added to the continuing drive for increased efficiency these reorganisations have created a need for extensive redeployments. Although we are coping with this using all the means available to us, a VER scheme used selectively mainly at SEO level would enable us to ease out some older, and less committed people, as their own posts disappear.

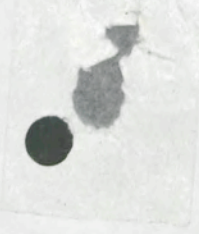
We are of course talking about small numbers, within Janet's overall estimate of 1,000. The 200 or so from the DE Group who might take advantage of the scheme would ease a problem out of proportion to the absolute numbers.

I hope therefore that you will be able to agree the introduction of this scheme soon, even if only for a limited period.

I am copying this letter to Cabinet colleagues, to Sir Robert Armstrong and to Janet Young.



Civil Service  
Long Term, A12



25 JAN 1989





*Civil Service  
Long term plan*

*MB PM*



MINISTRY OF DEFENCE  
WHITEHALL LONDON SW1A 2HB  
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Minister of State  
for Defence Procurement

D/MIN/GP/22/1

19 January 1983

*Dear Geoffrey*

VOLUNTARY EARLY RETIREMENT

Janet Young sent us a copy of her letter to you of 14th December.

Although in Defence we have no immediate need of this additional flexibility to control staff numbers, it could become very valuable to us. We therefore strongly support her proposal.

Copies of this letter go to members of the Cabinet, Sir Robert Armstrong and to Janet Young.

*Janet*  
*Geoffrey Pattie*

Geoffrey Pattie

The Rt Hon Sir Geoffrey Howe QC, MP





Secretary of State for Industry

DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301  
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10 January 1983

The Rt Hon Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
London SW1

*Dear Chancellor,*

VOLUNTARY EARLY RETIREMENT (VER)

Janet Young sent me a copy of her letter to you of 14 December, and I have since seen Hugh Rossi's letter supporting her proposal.

2 Although I too do not expect a significant response from within the Department of Industry a voluntary early retirement scheme would be a helpful addition to the present armoury of measures available in achieving an orderly rundown in staff numbers and would help us however marginally to achieve our manpower targets. It might also be helpful to us in dealing with the staffing problems likely to arise following the privatisation of the National Maritime Institute last October.

3 I hope, therefore, that you can agree the introduction of such a scheme even if only on a trial basis.

4 I am copying this letter to Cabinet colleagues, to Sir Robert Armstrong and to Janet Young.

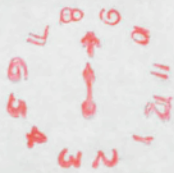
*Yours sincerely*

*Caroline Vowley*

*(approved by the  
Secretary of State  
and signed in his  
absence)*



Civil Service, Long Term, #112



11 JAN 1983





## DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant &amp; Castle, London SE1 6BY

Telephone 01-407 5522

*From the Minister of State for Social Security and the Disabled*

The Rt Hon Sir Geoffrey Howe MP  
Chancellor of the Exchequer

31 December 1982

Dear Geoffrey.

## VOLUNTARY EARLY RETIREMENT

I have seen Janet Young's letter to you of 14 December, and I would like to add this department's strong support.

Like Janet we do not think that the scheme would make a tremendous difference numerically. Our share of her figure of 1000 is estimated to be 200 or 300. Nevertheless we are getting to the point where fine-tuning may make a considerable difference in achieving the target of a civil service of 630,000. We also want the scheme because it may well enable us to escape compulsory redundancies which would cause trouble out of all proportion to their numbers. Copies of this letter go to members of the Cabinet, to Sir Robert Armstrong and to Janet Young.

HUGH ROSSI