

Civil Service *fev*

2

21 January 1983

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

Prime Minister

MW
Unified grading to be
extended down to Senior Principal
level.

MS 24/1

Dear Chancellor,

THE EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

This letter proposes a major reform of the Civil Service grading structure involving an extension of unified grading to levels below the present Open Structure (which covers the grades of Under Secretary and above).

Civil servants below the level of US⁴ belong to a large number of separate categories and classes, each with its own grading pattern. The jobs, careers, salaries etc of individuals are largely determined by the particular group or class which they join on recruitment. The Fulton Report argued in favour of a simpler and more unified system: in particular, it recommended a single, vertical structure of grades in order to promote more flexibility and mobility in the deployment of staff between the different areas of work. Following Fulton, some progress was made towards simplification and the establishment of the Open Structure at the top of the Service was a direct result of the Fulton recommendations.

In the past a major obstacle to any further unified grading was the operation of the pay research system. The Megaw proposals attach much more weight to coherent internal pay relativities and less to reflecting in the Service relatively small shifts in differentials between groups outside. The report gives a clear push in the direction of a more unified structure.

A group of Principal Establishment Officers from the major employing Departments has considered the issues again. Their conclusion is that it is now time to make a major effort to carry unified grading further down the structure. They consider that this would have clear advantages for the management of the Service. I strongly endorse this conclusion.

The annex to this letter sets out the arguments in more detail. To my mind the key considerations are:-

- (a) it would provide more flexibility in organising work and managing staff by removing the procedural and other artificial constraints on the movement of people between jobs with different occupational classifications.
- (b) in a smaller Civil Service we need the maximum flexibility to manage and deploy staff. Unified grading would not of course remove the natural boundaries between skills and specialisms, or the need for management arrangements to reflect those differences. But we should remove impediments to movement where they are unnecessary.
- (c) a reform of this nature would powerfully reinforce the efforts we are making on a number of other fronts to make better use of scientific and other specialised talent.
- (d) We need to give clearer signals to staff that their career opportunities depend more on their abilities and contribution than on their method of entry to the Service.

You will be aware that there is Parliamentary interest in this issue, stemming not only from the English Committee, but more recently too from the Treasury and Civil Service Committee.

As a first step, I propose that unified grading should be extended down to and including Senior Principal level. The unified grades would not necessarily be Service-wide, but would be based on a "core" consisting of the three main categories (Administration; Professional and Technology; Science), together with such other general Service and Departmental groups and classes as management considerations suggest should be included. The basis for the unified structure at these levels would be the continuation of grades corresponding to Assistant Secretary and Senior Principal. In the longer term, the aim would be to extend unified grading at least down to Principal level.

It would be desirable to move towards unified grading at AS and SP levels in 1983. This will require major effort by our officials and those in employing Departments. It will also involve consultations with the unions, from some of whom opposition can be expected, though there are differences of view amongst them.

In this context, I understand that you will be putting forward proposals for pay alignment at AS and SP levels in the 1983 pay negotiations. This will facilitate the move towards unified grading.

Subject to the views of colleagues on the general issue, our officials might agree together on the best way of floating both proposals with the unions.

I would therefore be glad to know that Cabinet colleagues agree in principle that we should launch an early initiative to extend unified grading, subject of course to detailed consideration by officials of the treatment of particular grades.

I am sending copies of this letter to the Prime Minister, to other members of the Cabinet and to Sir Robert Armstrong.

Yours sincerely,
Mary Brown

(dictated by the Lord Privy Seal and signed in his absence).

BARONESS YOUNG

24 JAN 1983



cc JV

WVEX

EXTENSION OF UNIFIED GRADING

1. The present approach to structure seeks to accommodate conflicting objectives. On the one hand the Priestley pay principles required a pay structure to reflect outside pay rates for broadly comparable work. This required work and staff to be allocated to occupational groups with lateral grading distinctions between them. On the other hand internal management policy since Fulton has emphasised flexibility in organising and staffing work to which the existence of lateral pay and grading distinctions between occupational groups is an impediment.

2. The resulting structure reflects these conflicts. The programme of structural reform begun after Fulton, involving the progressive incorporation of classes into larger occupational groups, has not been carried through. There are considerable differences in the circumstances of the existing groups and classes. Some are small and homogeneous. Others are large and heterogeneous. In the latter the grading system does not recognise distinctive differences between skills.

3. While the effects cannot be quantified there are clear signs that an occupational grading system impedes efficiency in the organisation of work and economy in the use of staff in the following main ways:-

- (a) Boundary Issues. There are specific instances of inefficiency because the boundaries between groups overlap or otherwise act as artificial barriers to the efficient organisation and staffing of work. Many of them arise at the boundaries between the General, Science and P&T Categories. Adjustments to existing boundaries might help to overcome some cases of overlap and demarcation. But while some of the symptoms could be tackled in this way, they would not overcome the inherent weakness of the system - its rigidity at the margins of the classifications where the imposition of rigid boundaries in the structure does not correspond to the reality of organisational need.
- (b) Pay Relativities. The existence of pay differentials causes a good deal of resentment in circumstances whether management otherwise explicitly or implicitly acknowledges equivalence of status or contribution. This is particularly so at the more senior levels (Principal and equivalent levels upwards) where staff from different groups and disciplines are increasingly required to work in more integrated organisational structures, eg. multi-disciplinary teams and mixed hierarchies. The Megaw Report notes (in paragraph 195) that "correct internal relativities are often held to be more important to considerations of "fairness" than comparisons with outside remuneration. Removing pay differentials between grades carrying out work of similar weight or responsibility would remove a

source of discontent. This could be expected to contribute to motivation and therefore effectiveness.

- (c) Staff Deployment and Career Management. While the removal of lateral pay differentials at corresponding levels would ease some management difficulties it would by no means remove them. Pay parity already exists in a number of areas, but the occupational grading distinctions remain a constraint on the flexible deployment of staff. Lateral movement procedures and opportunity posts provide mechanisms to facilitate the deployment of staff on a wider basis, but they have been only moderately successful. Attitudes are conditioned by the occupational basis of the structure, so that management as well as staff and unions tend to see such devices as exceptional measures. In practice the procedures which surround them are cumbersome and time-consuming, involving the expenditure of management effort which is disproportionate to the numbers involved.

Many occupational groups and classes are small, offering a limited basis for career management and the wider development and use of talent. Career structures have been further affected by reductions in staff numbers. While unified grading would not itself bring about more movement - the determining factors are the needs of the work and the abilities and qualifications (in the broadest sense) of individuals - it would remove the artificial impediments to it.

While posts in the Open Structure (US and above) are in principle open to all staff at those levels, it is argued that this "open society" starts at too high a level and thus too late in many careers for staff to acquire at the right point in their careers the wider experience necessary to exercise the most senior management roles. Extending the Open Structure to the senior levels below would assist in more fully achieving its original aims.

4. The factors outlined in paragraph 3 above do not all apply in the same way throughout the structure. But they are all relevant at the more senior grading levels, where the common managerial elements of jobs assume greater significance relative to specialist content. The general view of the interdepartmental group of officials is that management considerations now point clearly towards the objective of unified grading down to Principal level to which unification at AS and SP levels would be a first step.

Civil Service

MANAGEMENT IN CONFIDENCE

Prime Minister ②

ms 9/3

cc JV



Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone 01-273 } 4400
GTN 273 }

8 March 1983

The Rt Hon George Younger MP
Secretary of State for Scotland
Dover House
Whitehall
London SW1A 2AU

ms

Dear George,

THE EXTENSION OF UNIFIED GRADING AT SENIOR LEVELS IN THE CIVIL SERVICE

Thank you for your letter of 23 February. I am glad that you agree the time is now right for an initiative on further unified grading in the Service. Colleagues have generally welcomed the proposals set out in my letter of 21 January to Geoffrey Howe, and I have authorised my officials to inform the unions of our aims in general terms.

I do not underestimate the difficulties and complexities which will need to be resolved in bringing about an extension of unified grading. They will require careful consideration. There are, as you say, dangers in acting precipitately. On the other hand, it is also important not to lose the momentum which pay alignment provides in carrying forward the unification of grades. This points to making progress as quickly as we reasonably can, but I agree that we should not commit ourselves publicly to a rigid timetable. It may also be that some particular grades where there are special problems might best be tackled in a second stage.

I am asking my officials to discuss with yours the particular question of retirement practices to which you refer.

I am copying this letter as before.

Yours sincerely

Baroness Young

BARONESS YOUNG

MANAGEMENT IN CONFIDENCE

Civil Service,
Long Term,
pt 12



Civil Service
JV

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

MANAGEMENT - IN CONFIDENCE

The Rt Hon Baroness Young
The Lord Privy Seal
Management and Personnel Office
Whitehall
LONDON
SW1A 2AZ

NBPM
MS 23/2

23 February 1983

Dear Janet,

THE EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

I am responding to your letter of 21 January to Geoffrey Howe.

I agree that the time is now right for us to consider extending further unified grading in the Civil Service. It is important, if we are to ensure the best use of the available trained resources in the Service, that we have a grading system simple and flexible enough to respond to these needs.

While I am glad to see the question being pursued now, I do have reservations about the suggestion in your letter that we should move towards unified grading at AS and SP levels in the current year. That seems to me too short a timescale for something which you rightly describe as a major reform. I hope therefore that we will be able to allow adequate time for consultation and detailed consideration, including an assessment of the effect of pay alignment at AS and SP levels which it is intended should be introduced at the coming pay round. I see no advantage in committing ourselves to implementation this year rather than next year when we would expect to see the introduction of a new pay system post-Megaw. Indeed I see some danger that we should be accused in these circumstances of acting precipitately and without allowing reasonable time for detailed consideration of the career management implications.

In the Scottish Office we have possibly the widest range of professional groups of any department in the Civil Service. While that adds to the attraction for us of a proposal aimed

at reducing the present diversity, we are very conscious of the difficulties likely to arise in the short term in adjusting particular groups to the unified grades, with some loss of flexibility available to management in such matters as the detailed application of retirement policies.

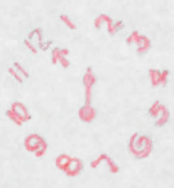
I am copying this to the recipients of your letter.

Yours very,

George

Civil Service : Long term Policy
Pt 12

1983





25 ✓
CIVIL SERVICE

NBPM

MUS 15/2

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH
TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Baroness Young
Lord Privy Seal
Management and Personnel Office
Whitehall
SW1A 2AZ

14 February 1983

Dear Lady

EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE ✓

Thank you for sending me a copy of your letter of 21 January to the Chancellor.

I agree that there are advantages to be gained from extending the present Open Structure and see no difficulty so far as DES is concerned in extending unified grading as proposed to the general Service groups. It will be important not to overlook the position of the 400 or so HM Inspectors of Schools, nearly all of whom are at levels equivalent to those to be covered by the proposed new unified grades. The case for including them deserves to be carefully considered and, since DES is not represented on the Group which is looking at the issues, I think it would be sensible for our officials to consult about this at an early stage.

There is one other point which you will no doubt want to keep in mind. Many of the fringe bodies, for example in the DES field the Research Councils and British Library, follow Civil Service terms and conditions and the extension of unified grading will therefore have implications for them. In general I believe this will be helpful since there are some senior posts in these bodies which could be - but are not at present - filled by people from a variety of specialist and administrative backgrounds. Opening them up to a greater extent could have the advantages you describe in your letter for the Civil Service itself.

I am copying this letter to the Prime Minister, other members of Cabinet and Sir Robert Armstrong.

Eric-Keir

Civil Service Long Term Policy # 112

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FCS/83/32

LORD PRIVY SEAL

The Extension of Unified Grading in the Civil Service

1. Thank you for sending me a copy of your letter of 21 January to the Chancellor.
2. There is probably little in what you propose for the Diplomatic Wing of the FCO, but a few staff, notably in our Communications Division, would benefit from pay alignment, and unified grading there would give us greater flexibility in our present practice of using specialist staff in administrative roles. Your proposals are, however, much more relevant to the ODA, which is staffed entirely by Home Civil Servants and has a significant proportion of its staff, particularly professional advisers, in the grades concerned. My officials there have already strongly supported the principle of pay alignment. Greater flexibility in the form of unified grading would certainly be welcome in principle, so long as the need for some degree of specialisation continues to be recognised. I hope your officials will be able to prepare detailed proposals soon, if, as you suggest, we are to see the scheme introduced in 1983.
3. I am copying this minute to the recipients of your letter.

Foreign and Commonwealth Office
14 February 1983

(FRANCIS PYM)

Civil Service
Long Term #12

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MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

MO 20/17/6

11th February 1983

De Jant

Thank you for the copy of your letter of 21st January to the Chancellor of the Exchequer concerning the extension of unified grading, initially to Assistant Secretary and Senior Principal levels.

I welcome the reform which you propose. After the first step we would want to see the principle extended further in the light of experience to grades below Senior Principal in the not too distant future. There may, of course, be some opposition from the unions, but any disadvantages should be outweighed by the added flexibility and efficiency which should flow from the move. There is much work to be done on this by our officials here but we must now press ahead.

I assume in all this that we shall move first on pay alignment at the Assistant Secretary and Senior Principal levels, and consider a progressive extension to pay alignment thereafter.

Copies go to the Prime Minister, other members of the Cabinet and Sir Robert Armstrong.

Yes

[Signature]

Michael Heseltine



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

The Rt Hon Baroness Young
The Lord Privy Seal
Manpower and Personnel Office
Whitehall
London SW1A 2AZ

NBPM

Mes 9/2

9 February 1983

Re Grant

THE EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

In your letter of 21 January to the Chancellor of the Exchequer you sought agreement to the principle of extending unified grading in the Civil Service.

For the reasons set out in your letter I generally support what you propose and hope that we shall be able to make good progress towards grade unification at Assistant Secretary and Senior Principal levels. This will help us to make more flexible use of staff from a variety of disciplines and will also, one must hope, remove some of the causes of dissatisfaction which have existed between different grades and classes. Your officials will be aware that because of the complex range of technical and professional disciplines within MAFF there are a number of problems to be overcome before we can be certain that we have achieved the best solution. These are being actively worked on and my officials will be in touch with Treasury officials and yours about our preferred solutions.

I am sending copies of this letter to the Prime Minister, other members of Cabinet and Sir Robert Armstrong.

PETER WALKER

Civil Service,
Long Term,
Pr 12

9 FEB 1983



HOUSE OF LORDS,
SW1A 0PW

*With the
Lord Chancellor's Compliments*



Prime Minister (2)

ins 8/2

HOUSE OF LORDS,
SW1A 0PW

MANAGEMENT IN CONFIDENCE

8 February 1983

My Dear Janet.

THE EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

Thank you for sending me a copy of your letter of 21 January to Geoffrey Howe. Your proposals are of interest to this Department because they would affect the relationship between legal staff and their administrative colleagues.

Many of the posts in my Department at Assistant Secretary level are occupied by lawyers, and recent experience has confirmed that there is a lot to be said for seeking to achieve greater flexibility between legal and administrative grades at that level. There will still be a number of posts which in practice will continue to be filled by lawyers, but I would much welcome the greater flexibility which unified grading at this level would offer. It would be an improvement on the present system of limited opportunity posts and the proposal accordingly has my strong support.

I would also support extension down to Senior Principal level, although there will be more problems here. I have a number of middle management posts at this level and I would very much like to be able to use lawyers for some of them, which is not possible under the present arrangements. It will therefore be necessary to consider whether the grade of Senior Legal Assistant (which is slightly below Senior Principal in pay terms) should be assimilated with the Senior Principal grade, or whether SLAs should in future be allowed to apply for promotion to the new (unified) Senior Principal grade. The

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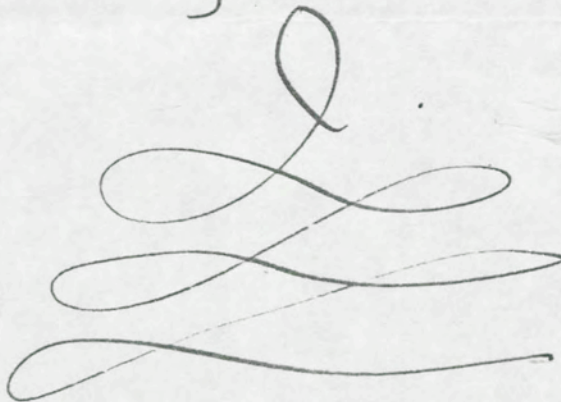
The Rt Hon The Baroness Young

MANAGEMENT IN CONFIDENCE

latter might be cheaper and easier to achieve, but there would then be a big residual problem if and when it was proposed to extend unified grading down to Principal level. Whichever approach is adopted however I hope it will enable me to use lawyers in Senior Principal posts in future.

I am sending a copy of this letter to the recipients of yours.

yrs :

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Civil service : hong
Management

Term
Pt II

FEB 1986

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Prime Minister (2)

ms 8/2

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

7 February 1983

Rt Hon The Baroness Young
The Lord Privy Seal
Management and Personnel Office
Old Admiralty Building
Whitehall
LONDON SW1A 2AZ

Dear Joan

Thank you for your letter of 21 January about the downwards extension of unified grading in the non-industrial Civil Service.

I agree that for the reasons you give there is a strong case on management grounds for a more unified grading structure at Assistant Secretary and Senior Principal levels; the obstacles to the flexible deployment of staff and the dissension caused by discrepancies in pay flowing from the present pay and grading pattern are particularly marked here. I also agree that we should consider the possibility of extending unified grading at a later stage down to Principal level when more work on this has been done and we can weigh up better the costs and benefits of this further step. The case for unified grading below that level is much less strong on management grounds and could also be more expensive, although a simpler pay and grading structure is certainly more consistent with the thrust of the recommendations in the Megaw report.

As you mention in your letter, I have in mind that as a useful negotiating element in the 1983 pay negotiations we should propose to the unions the introduction of pay alignment at Assistant Secretary and Senior Principal levels. This would pave the way for unified grading down to Senior Principal. If our colleagues agree with your proposals on this it would, as you suggest, be helpful for our officials to discuss how the related questions of unified grading and pay alignment should be handled with the unions.

I am copying this letter to the Prime Minister, to other members of the Cabinet and to Sir Robert Armstrong.

GEOFFREY HOWE

[Handwritten signature]

Civil Service
Long Term, Pt 12

FEB 8 1983





DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

MANAGEMENT IN CONFIDENCE

The Rt Hon Baroness Young
The Lord Privy Seal and
Leader of the House of Lords
Management and Personnel Office
Whitehall, SW1A 2AZ

NBPM
MUS 7/2
7 February 1983

Dea Janet

THE EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

Thank you for your letter of 21 January about extending unified grading in the Civil Service.

I welcome this initiative to remove some of the constraints to flexibility in managing staff.

I am content for you to proceed as you propose. No doubt your officials will continue to keep mine in touch with the details of dealing with particular departmental grades. I understand that they have already agreed that the Chairmen of Traffic Commissioners are a rather special case, which should be excluded from the arrangements.

I am sending copies of this letter to the recipients of yours.

David
Daw

DAVID HOWELL

Civil Service
Long Term P+12

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NBAM

ms 7/2

DEPARTMENT OF HEALTH & SOCIAL SECURITY

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

Telephone 01-407 5522

From the Secretary of State for Social Services

The Rt Hon Baroness Young
Lord Privy Seal
Management and Personnel Office
Whitehall
LONDON SW1

7 January 1983

EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

I received a copy of your letter of 21 January to Geoffrey Howe.

I welcome the idea of carrying unified grading further down the Civil Service structure and the specific proposals to that end outlined in your letter. I don't think we should expect too much too soon from this development but removing unnecessary barriers to movement ought to help in making the most effective use of our manpower resources even if only on the margins.

As you say, there will need to be detailed consideration by officials of the treatment of particular grades particularly outside the three main categories (Administration; Professional and Technology; Science). In the DHSS we do have a very wide range of staff groups including some large groups such as doctors and nurses with key roles in our work and we shall want to be sure that any changes proposed would be consistent with our management need to recruit and retain staff in the light of changing market conditions, especially in the NHS. And in some very small specialist groups, eg of one or two, no real purpose might be served by unified grading. That said, we certainly see advantages of unified grading in the main core areas to which you refer, and I am happy to give agreement in principle to what you propose.

I am sending copies of this letter to the Prime Minister, other members of the Cabinet and Sir Robert Armstrong.

NORMAN FOWLER

C Service A12
Loy Fern

7 JAN 1983

LABOR

DEPARTMENT OF HEALTH, EDUCATION & WELFARE
ALABAMA DEPARTMENT OF HEALTH, EDUCATION & WELFARE
BIRMINGHAM, ALABAMA 35201

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[Large handwritten signature]



SECRETARY OF STATE
FOR
NORTHERN IRELAND

The Baroness Young
Management and Personnel Office
Whitehall
LONDON
SW1A 2AZ

2pp ✓ JV
MBPM
MUS 4/2
NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

4 February 1983

Dear Secret

THE EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

Thank you for your letter of 21 January proposing a review of the Civil Service grading structure. I agree that an initiative to extend unified grading in the Civil Service would be useful, and I shall be considering, in due course, the implications for the Northern Ireland Civil Service of whatever is adopted for the Home Civil Service.

Copies of this letter go to the Prime Minister, other member of the Cabinet and Sir Robert Armstrong.

*Yours
Truly*

Civil Service,
Long Term, p412

4 JAN 1983





JF2541
Secretary of State for Industry

c/su

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

31 January 1983

The Rt Hon Baroness Young
The Lord Privy Seal
Management and Personnel Office
Whitehall
LONDON
SW1A 2AZ

NBPM

MUS 4/2

Dear Madam,

THE EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

Your letter of 21 January to the Chancellor raises interesting issues.

2 The nature of much of the work in my Department means that we have already moved a long way towards the flexible use of staff in different professional classes, particularly within the concept of the technological generalist. I therefore welcome the proposals you make, which will enable us to make even more efficient use of the staff resources at our disposal. The traditional Civil Service barrier between "scientist" and "administrator" is one we are anxious to break down and which has in the past been a hindrance rather than a help to efficient management.

3 I am sure there will be problems in implementing your proposals, not least with the Trade Unions involved, but I am sure the principle is right and I welcome the initiative.

4 Copies go to recipients of your letter.

Yours ever
Patel

Civil Service
Term. Pt 12
Long

2 FEB 1983





CV JV
Civil Service
QUEEN ANNE'S GATE LONDON SW1H 9AT

30 January 1983

Dear Janet

THE EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

Your letter of 21 January to the Chancellor of the Exchequer asked for agreement in principle to the launching of an early initiative to extend unified grading in the Civil Service.

I agree that, for the reasons given in your letter and in the Annex to it, it is entirely appropriate to launch this initiative at the present time, in the wake of the Mewgaw proposals. The Principal Establishment Officer here is a member of the group referred to in your fourth paragraph and my officials are already in touch with yours about the detailed implications for the treatment of particular grades.

I am copying this letter to the recipients of yours.

Morrell
W. Miller

The Rt. Hon. The Baroness Young