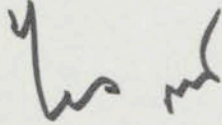


Prime Minister:

PRIME MINISTER



Lord Gowers comments
on Mr Jenkins' structures &
personnel management in the Civil
Service. Do you agree to read
& overleaf with a view to a
meeting in September?

PERSONNEL WORK IN THE CIVIL SERVICE

JF 27/7

Your Private Secretary wrote to mine on 18 July asking for my comments on a minute about the resources devoted to personnel work in the Civil Service which Patrick Jenkin sent you recently. You also asked to see the correspondence which passed between Patrick Jenkin and Janet Young on this subject before the election.

... I attach copies of the correspondence so far as we can trace it. As you will see the documents we have contain no references to the results of the "preliminary inquiries" Patrick says he carried out in the Department of Industry, no reference to John McGregor's inquiries of private sector companies and no comparative figures. It may be that our records are incomplete and we have asked Patrick's office either to confirm our version of the correspondence or to let us have copies of any missing documents.

It would be unfair to Patrick to draw comparison between the correspondence I have seen and his recent minute to you until we are sure we have all the paper. At the same time I think I must say that I find it hard to reconcile Patrick's statement that it "proved quite impossible to persuade the MPO to treat this as a matter requiring serious investigation" with the last two substantive paragraphs of Janet Young's letter to him of 4 November 1982, the fourth paragraph of his reply to Janet of 24 November 1982 and his Private Secretary's letter to MPO of 14 March 1983.

Following Patrick's approach, the MPO sought to compare the numbers employed on personnel work in the Civil Service with those in a number of private companies and, through the Institute of Personnel Management (IPM), in the private sector generally. The results proved extremely disappointing. Only one of the companies was able to provide any figures, and these were not very illuminating. Others offered problems and definitions and differences in distribution of work as reasons for not being able to provide figures which would be valid as a basis for comparisons. For their part, the IPM advised that there had been no reliable survey of people engaged in personnel work in the UK and they did not believe that the figures existed upon which valid comparisons could be based.

However there is little point in raking over the past: what matters is the action we take now. Patrick makes two substantive points:-

- (a) that there is a "gross disparity in the number of people employed on personnel work in the Civil Service compared with similar private sector organisations"

- (b) that a factor in this difference is the over-elaboration of staff management policies in the Service to the point where "the number of staff required to administer the system becomes wholly disproportionate to the size of the Civil Service as a whole".

I do not know whether either charge is well founded, but I am sure we should investigate both. The question is "how" not "whether".

X | On the first point - comparative resources - I am not attracted by Patrick's suggestion that we should invite two or three senior private sector managers to have a first look - if only because of the delay likely to be involved. An alternative would be to ask a small team of officials drawn from the Efficiency Unit, the Cabinet Office (MPO) and Patrick Jenkin's own department to make a quick survey over the holidays - both in and outside Government - so that our consideration of next steps can be informed by prima facie evidence. Their inquiries outside could include some of the companies which Patrick has mentioned.

Y | As to the second point - too much central prescription - I think we might ask Patrick to set out for us those points of the central rules - deriving from Treasury and MPO - which he considers to be particularly wasteful of his own staff resources and to make some estimate of the resources involved. A few specifics will be worth a great deal more to us than any amount of generalisation.

I would of course be glad to join in a meeting. Perhaps the best time for this would be after we have had the results of the inquiries I have suggested.

I am copying this minute to Patrick Jenkin.

Bej.

LORD GOWRIE

27 July 1983

Civil Service
Long Term Margaret
13

CONQUEROR

1/2



Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone 01-273 } 4400
GTN 273 }

From the Private Secretary

30 March 1983

Stephen Nicklen Esq
Private Secretary to the Secretary of State
Department of Industry
Ashdown House
123 Victoria Street
LONDON SW1E 6RB

cc. PS / MOS
PS / 2PS
Mr. P. Cassels
Mrs. S. L. ...
Mr. G. ...
Mr. C. ...

Dear Stephen,

CONTACT WITH PRIVATE SECTOR FIRMS

Many thanks for your letter of 14 March with names of firms in the private sector which would be suitable for making comparisons with the Civil Service in terms of their personnel policies and procedures.

As you recognise, this information has come too late to be taken into account in our current Review of Personnel Work, on which Mr Cassels will be reporting to the Prime Minister and the Lord Privy Seal next week. However, occasions quite frequently arise when we in MPO need to get in touch with outside companies to find out about their personnel practices. So I am sure we shall be able to make use of your helpful list in the future. As and when approaches are made, we shall not disclose the origin of the suggestion.

I am copying this letter to John Whitlock (Trade) and Adrian Carter (Treasury).

Yours sincerely,
Mary Brown

MARY BROWN



Sub

10 DOWNING STREET

From the Private Secretary

2 August 1983

The Prime Minister has seen Lord Gowrie's minute of 27 July about personnel work in the Civil Service. She has agreed that a small team of officials from the Efficiency Unit, the Cabinet Office and the Department of the Environment should undertake a quick survey along the lines suggested in the minute. She hopes that the survey will be completed in time for a meeting either at the end of September or mid-October.

I am sending a copy of this to John Ballard (Department of the Environment).

TIMOTHY FLESHER

Mrs. Mary Brown,
Privy Council Office.

HU



Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone 01-273 } 4400
GTN 273 }

From the Private Secretary

30 March 1983

Stephen Nicklen Esq
Private Secretary to the Secretary of State
Department of Industry
Ashdown House
123 Victoria Street
LONDON SW1E 6RB

cc. PS / MOS
PS / 2PS
Mr. P. Cassels
Mrs. S. L. ...
Mr. G. ...
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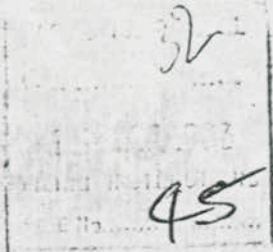
I am copying this letter to John Whitlock (Trade) and Adrian Carter (Treasury).

Yours sincerely,
Mary Brown

MARY BROWN



10198
Secretary of State for Industry



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

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

14 March 1983

Mary Brown
Private Secretary to the
Lord Privy Seal
Management & Personnel Office
Whitehall SW1A 2AZ

LORD PRIVY SEAL	
Adm. Sec. (T) (C)	For a short reply please
PC and Perm. Sec.	
Mr. Bristley Mr. Hanson Mr. Langrish	

Dear Mary

STAFF SAVINGS

The Lord Privy's Seal's letter of 2 December 1982 accepted my Secretary of State's offer to let her have names of firms in the private sector which would be suitable for making comparisons of numbers engaged in personnel work in the civil service compared with other bodies.

As you are aware, it was not possible to provide this information in time for it to be taken into account in your current review since, as Lady Young's letter said, the Departmental teams were due to report by the end of 1982 and the organisations we consulted took some time to respond. You nonetheless thought that it would be useful to you to have our suggestions for future reference.

One of our Ministers, Mr Butcher, has been in touch with the CBI and the Association of British Chambers of Commerce. He met Mr Richard Worsley of the CBI who told him that they had sent an appropriate list of names to the Treasury. The Association of British Chambers of Commerce has now come up with the following names:-

Littlewood
Boots
Rowntree Mackintosh
Reckitt & Colman
Tube Investments
Delta Metal
Allied Breweries
(Burton on Trent)

Lucas Industries
Dunlop
BL Cars
Courtaulds, (Coventry)
Firestone (Wolverhampton)
GEC (Rugby)
Bass, Mitchell & Butlers
(Capehill Brewery,
Birmingham)



The ABCC has asked that if any approach is made to these firms the origin of the suggestion should not be disclosed. Ministers have also suggested adding the names of Rank Xerox and Mars.

I would be grateful if you could let me know before you approach any of the companies mentioned in this letter.

I am copying this letter to John Whitlock (Trade) and Adrian Carter (Treasury).

Your sincerely

Steve Nicklen

STEPHEN NICKLEN
Private Secretary

01-273
01-273

28
45

2 December 1982

The Rt Hon Patrick Jenkin MP
Secretary of State for Industry
Department of Industry
Ashdown House
123 Victoria Street
London SW1E 0RB

C-PS/Pers Sec
PS/2nd Pers Sec
Mr Fryer
A. M. Lock
Mr Priestley
Mrs Slane
Miss Bacon
Mr Davis
Mr Gurney
Mr Tobias
Mr Phillips

Dear Patrick,

STAFF SAVINGS

Thank you for your letter of 24 November. I note what you say about the use of the Staff Transfers Unit, the examination of security standards and your review of messenger services.

You raised the question of comparing the personnel management practices followed by the private sector with those used in Government Departments, as part of our Service-wide Review of Personnel Work. It may be that my previous letter of 4 November was unintentionally misleading in referring to our disappointing experience in this respect. That was a reference to our attempt, which is proving very difficult, to compare the numbers employed on personnel work in the Civil Service with those outside. It was not intended to refer to the more general question of comparing personnel practices. We have sought to do precisely this during the Review. For example, the central team here and the nine departmental examining teams spent a full day at the Institute of Personnel Management discussing private sector experience. They followed this up with visits to five private sector companies suggested by the Institute, namely the Ford Motor Company, Barclay's Bank, Cadbury-Schweppes, STC and IBM. Individual teams have also made visits on their own account to such organisations as Midland Bank, Taylor Woodrow and the Scottish Widows' Life Assurance Society.

As you suggest, these visits have proved very worthwhile in providing the teams with a valuable insight into the personnel practices adopted in a number of private sector bodies. We are currently analysing the results which will, I am sure, have an important influence on the final recommendations.

You very kindly offered to suggest some private sector bodies which would be suitable for drawing comparisons. The time at our disposal is now very limited, since the departmental teams are due to report by the end of the year and the central team by Easter. But I would be most interested to have your suggestions and if I possibly can I will make some time available, if necessary other than that of the central team which is now working very hard on the Report, to visit additional firms.

I am copying this letter to Arthur Cockfield and Barney Hayhoe.

Janine
Parsons

Ref as below



JU207
Secretary of State for Industry

JB
45

THE PARLIAMENT OF GREAT BRITAIN

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212
SWITCHBOARD 01-212 76301

3-7 November 1982

Baroness Young
Management & Personnel Office
Whitehall
London SW1A 2AZ

LORD PRIVY SEAL	
Action	Mr Gurney
PS - Perm. Sec.	(C)
PS - Perm. Sec.	
PS - Second Perm. Sec.	(B) ✓
Mr Fraser	Mr Sloman
Mr Priestley	Mr Davie
Miss Bacon	
Mr Phillips	
AVM Lock	

Dear Janet,

STAFF SAVINGS

Thank you for your letter of 4 November commenting on my letter of 25 October to Leon Brittan about staff savings. Barney Hayhoe has now replied to that letter.

2 I am most grateful for your assurances about redundancies and for the offer of assistance by the Staff Transfers Unit. The examination of the security standards required in different buildings may also provide an extra degree of flexibility in our dealings with the difficult problem of staff reductions.

3 Messengers were not included in the examples I quoted in the third paragraph of my letter as these were services which might be contracted out and this is not contemplated for the messenger service. We already have plans for a 26% reduction in messengers between 1 April 1979 and 1 April 1984. Now we are carrying out a fundamental review of the form of our messenger services to see what further savings might be possible. However, in small buildings there is a basic and irreducible requirement for messengers and hence the lower level of manning which is possible in larger buildings cannot be achieved uniformly across the Departments. Our policy, therefore, which we are pursuing vigorously with the PSA, is to concentrate the Department's activities in as few buildings as possible. From this additional savings in messengers may flow.

4 I accept that it is difficult to make comparisons of the numbers involved in personnel management in the Civil Service and in the private sector. This is but one facet of the larger problem of making efficiency comparisons between the Service and outside bodies. Nevertheless, I believe it would be worthwhile in this context to look at the practices of the private sector, and that this should be done as part of the study you are currently undertaking. I would be happy to suggest suitable private sector bodies for this purpose if that would be of assistance.



5 I am copying this letter to Arthur Cockfield and Barney Hayhoe.

Your ever
Patric

B/F 19/11/82



Management and Personnel Office

Whitehall London SW1A 2AZ

Telephone 01-273 } 4400
GTN 273 }

4528

4 November 1982

The Rt Hon Patrick Jenkin, MP
Secretary of State for Industry
Ashdown House
123 Victoria Street
LONDON SW1E 6RB

C- PS / Perm Sec
PS / 2nd Perm Sec
Mr Fraser
Mr Lock
Mr Priestley
Mrs Sloman
Mr Davie
Mr Gurney
Mr Tobias
Mr Phillips

Dear Patrick,

STAFF SAVINGS

Thank you for sending me a copy of your letter of 25 October to Leon Brittan. My responsibilities cover some of the Service-wide policies to which you refer, both in supporting services and on personnel work.

Supporting Services

I am grateful for the early warning of the possibility of opposition from the unions nationally over unavoidable redundancies in your department. It is important in this sort of case to make sure that we follow the procedures closely; this will help smooth the implementation of staff savings in your department and elsewhere.

In particular it may be premature to assume that compulsory redundancies will turn out to be necessary. For, like other employers, we have to seek posts elsewhere for people displaced by these measures. If, as you imply, this cannot be done within the Department of Industry, then the surplus staff should be offered to the Staff Transfers Unit in the MPO for absorption by other departments if possible. I would be grateful if your officials could let Mr J J Tobias here know of the likely numbers and grades of those affected so that the necessary central action can be set in hand.

The security guarding of buildings is indeed subject to some constraints. In particular commercial firms have not in the past been regarded as suitable for guarding duties where classified material is being protected. I too consider that the blanket prohibition needs to be challenged, not least because the standards required must vary considerably from building to building. I am therefore having the matter examined in detail urgently.

I notice that you did not list messengers among the supporting services you have looked at rigorously. I understand that, following a study carried out by a joint DI/CSD team in late 1979, some economies have been made but that the complement may still be some 70 posts above that indicated by the results of the study (and verified by a second study of one area). The techniques used have been tried and tested in many other departments and the recommendations for the Department of Industry were very much in line with the type of findings which other departments (including mine) have succeeded in implementing. I am sure you will agree that potential savings of this magnitude are worth another look now. They are for instance more than your net estimate for OFTEL, whose staffing will of course depend on detailed decisions on the most efficient way of carrying out the necessary functions.

Personnel Work

You also raised the important (and related) questions of whether the Civil Service is over-provided with personnel management staff and whether there is a tendency towards too much centralisation and uniformity. As you know personnel work is being thoroughly examined as a major element of this year's efficiency programme. The fieldwork is still in progress and it is too early to draw any final conclusions. Nine departments (but not yours) are participating. However a central team here will draw out general lessons for the Civil Service as a whole, and I am confident that these will be substantial and throw light on your points.

We have been trying to obtain, and learn from, the experience and best practice of other employers, particularly in the private sector. But our experience has so far been disappointing: quite apart from problems of definition, it is exceptionally difficult to use the comparison of numbers you suggest. The Institute of Personnel Management and the Industrial Society have tried independently to measure personnel work in this way and abandoned the attempt. The numbers directly and visibly engaged on personnel work are closely influenced by highly variable factors such as the nature of the business, the structure of the organisation, the quality of labour, the degree of supervision, the degree of line management involvement in staff management and even the philosophy of the employer. But I would be interested to see any relevant details that you have.

I am copying this letter to Leon Brittan and Arthur Cockfield.

Yours ever
Paul

BARONESS YOUNG



MANAGEMENT IN CONFIDENCE

BF 2/11

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

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

JU17

Secretary of State for Industry

25 October 1982

LORD FRAY SEAL	
Action	Mr Gurney
PS - [unclear] (C)	
PS - [unclear]	
PS - Second Perm. Sec.	
(DB) ✓	
Mr Fraser AVM Lock	
Mr Priestley Mrs Sleoman	
Miss Bacon Mr Dane	
Mr A Phillips	

for draft by
Tues. 2/11
please
DB/S/10

The Rt Hon Leon Brittan QC MP
Chief Secretary
HM Treasury
Parliament Street
London SW1P 3AG

Dear Leon,

I and my Department are finding great difficulty in making the staff savings needed to meet our manpower target of 7305 by 1 April 1984.

2 Since the target was set in October 1980, new requirements have arisen as a result of my policy of switching the Department's priorities and resources away from the support of lame ducks and into channels which will support and encourage the wealth-creating sectors of industry. Unfortunately from the manpower point of view, the switch of financial resources cannot be matched simultaneously by the transfer of staff, because the lame ducks continue to need a considerable degree of monitoring and to give rise to political problems, whilst the trend towards more selective support in the wealth-creating sectors is inevitably, by its nature more staff intensive. And the DOI reduction of 23% is nearly twice the reduction which is being made across the Civil Service as a whole to achieve the overall 630,000 target.

3 In an effort to keep within the manpower target while creating sufficient headroom to increase our effort in the newer areas, my fellow Ministers and I have conducted a further rigorous review of the staffing needs throughout the Department. We have looked with especial rigour at the supporting services which are provided as common services to the Department of Trade and my Department but which are all counted, according to the established convention, against my books. In order to achieve the reductions needed, we have decided to pursue amongst other things the privatisation of certain services which are traditionally provided by the Department's own staff. These include the security guarding of London buildings, some reprographic work, data preparation, systems analysis and programming work. Some redundancies will be unavoidable, and fierce opposition from the unions is to be expected. I intend to stand firm against this, but the union could well raise it as a national issue, so that you and Janet Young may become involved. I also understand that there may be some security constraints on the extent to which the security guarding of headquarters buildings can be contracted out.



4 In spite of the difficulties I referred to above, I am confident that we would, given the proposals for savings identified in our review, be able to meet our manpower target of 7305 by 1 April 1984. However, a specific new requirement has recently arisen as a result of the BT Bill for staffing the Office of Telecommunications (OFTEL) to regulate the telecommunications sector when British Telecom has been privatised. Although I expect in due course, to be able to save some posts in that part of my Department which currently deals with BT, I estimate that the consequences of the Bill and the establishment of OFTEL will be an additional net requirement of 50 staff on my Department's complement, and I can see no way of making compensating savings to offset this requirement.

5 I thus see no alternative to asking for 50 posts from the contingency reserve for OFTEL, thus claiming back part of the final speculative 100 savings offered by Keith Joseph in his letter of 2 October 1980 to Paul Channon. As he said in his letter, his intention to seek the saving of a further 100 posts, required by his acceptance of the target of 7305, was necessarily speculative. The Civil Service Department acknowledged that if, at the end of the day, it was agreed that there was some part of the 100 which really could not be saved, they would be prepared to look sympathetically at a claim on the contingency margin.

6 If my proposals for contracting out come to fruition, as I hope they will, it should be possible to achieve the other reductions needed. However, I may have to come back to you with a further claim on the contingency reserve if I find that I have insufficient headroom to cope with demands on my Department's staffing in the future.

7 On a related matter, during our recent meeting to discuss the Department's public expenditure bid, I referred to the apparent discrepancy between the numbers of staff employed on Personnel Management by private sector companies and by Government Departments. As I explained, I did not see this as a criticism of my own Department, but rather as a general phenomenon across Whitehall. I do not doubt that there are some good reasons for it including, for example, the importance attached to fair treatment by the Civil Service, but there may also be less good reasons such as a tendency towards too much centralisation and uniformity. I wonder whether this is a subject which could be looked into further by you and Janet Young.

I am copying this letter to Janet Young and Arthur Cockfield.

You are
R

27 JUL 1953

