



## CABINET OFFICE

*From the Minister of State*

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE

Old Admiralty Building

Whitehall

London SW1A 2AZ

Telephone 01-273 4400

PRIME MINISTER

DIRECT ENTRY PRINCIPAL COMPETITION

I seek your authority to hold an open competition this autumn to recruit about 30 Principals for the Civil Service. I would hope that most of the new recruits would come from outside the service though for reasons I explain later I would also wish to allow internal candidates to apply.

Open competitions at this level were suspended in 1979 as part of the ban on recruitment. Since then my predecessors have sought your authority to resume the competitions, but in both 1981 and 1982 you felt that existing staff were facing diminishing promotion prospects and that concern over their morale should take precedence over the desirability of bringing in people with useful outside experience.

The problem of diminishing promotion prospects is not less serious now than in recent years - indeed in some ways it is worse. But paradoxically I believe that re-opening the Service to direct entrants at this level would form a useful part of the solution to the problem while also meeting a very real operational need.

The operational need arises because we are quite deliberately arranging for greater responsibility to be carried at more junior levels in departments. At the same time, we have been deploying young high-calibre Principals on a much wider range of jobs than in the past to fit them better for future senior management responsibilities. So there is a real need to increase the

proportion of high-calibre staff at Principal level to support our general drive for improved and more devolved management.

The resulting problem is of course that by flattening the pyramid we have greatly reduced the promotion opportunities for our high-fliers. Inevitably some will leave, and it tends to be the best who go. One way of tackling this problem - and it is a commonplace in private industry - is to recruit mature people in mid-career who can soon after appointment do a good job as a Principal but who, as late entrants, do not join us with the expectation of a full career to the top. The proposed new direct entry Principal competition would begin that process.

There are other reasons for seeking a new inflow of mature staff at this level. On past form we will be able to pick up some people with accountancy backgrounds who are more interested in general management than in specialist advisory posts. Such people would contribute directly to meeting our acknowledged shortage of accountancy skills. And the Security Service will undoubtedly find a DEP competition helpful. They are currently short of people at Principal level and have in the past used our competitions as a means of identifying suitable recruits.

Finally, although any proposal to recruit new staff in mid-career will be unwelcome to existing staff at lower levels looking for promotion, I think we can reasonably answer their protests by allowing existing civil servants to apply equally with outsiders for the competition. They would have an equal chance. In practice I doubt whether we would find many suitable candidates this way - departments generally have scraped the barrel for suitable internal promotees - but there will be some, perhaps from smaller departments or in specialist occupations in the civil service, who might have been missed by the existing arrangements for finding internal talent and who would be suitable for employment at Principal level.

The extra cost involved in processing additional applications would

CONFIDENTIAL

not be high and, like the cost of the scheme as a whole (£50,000), would be contained within our existing cash limit.

I would welcome an early decision not least because the most convenient time - within the Civil Service Commission's work programme - for conducting the new competition would be this autumn, which would mean starting to advertise at the turn of the month. I need hardly say that hard-pressed departments would welcome the relief which a successful recruiting drive would provide (even though the immediate relief would be marginal - we are thinking of offering 30 posts against a present complement of about 4,000 Principals). If the scheme were successful, as I believe it would be, we could then repeat the operation in future years.

*Sej*  
1/1

LORD GOWRIE  
8 August 1983

CONFIDENTIAL



08 MAR 1985



COPIES

101



fee CO

HL

e

10 DOWNING STREET

*From the Private Secretary*

11 August 1983

The Prime Minister has now seen Lord Gowrie's minute of 8 August proposing that a Direct Entry Principal Competition should be held. Mrs. Thatcher retains her doubts about such a competition and would like to discuss them with Lord Gowrie. I shall be in touch to arrange a time.

Tim Flesher

Mrs. Mary Brown,  
Office of the Minister for the Arts.

PRIME MINISTER

Direct Entry Principal Competition

Lord Gowrie is coming to see you at 9.45 tomorrow to talk about his proposal of a direct entry Principal competition. His submission is attached at Flag A. One from Sir Robert Armstrong supporting his proposal is attached at Flag B. When you looked at these papers earlier you had some doubts about what was proposed. In particular, you might want Lord Gowrie to expand on the assumptions which underlie his proposals, which are:

- i) that there is a shortage of good Principals; ?
- ii) that direct entry Principals are content to remain at that level for the rest of their careers (and if this is so, why we should wish to recruit unambitious people);
- iii) that resentment amongst mainstream executive grades at a direct entry competition will be assuaged by allowing them to take part in it. ?

You have turned <sup>down</sup> ~~out~~ previous requests for such competitions largely on morale grounds. Lord Gowrie will be seeking to argue that the need for such a competition now outweighs any possible damage to morale amongst those whose career prospects might be affected by it. In doing so, he will no doubt pray in aid Sir Robert Armstrong's minute.

TIM FLESHER

30 August, 1983

PRIME MINISTER

Attached is a submission by Lord Gowrie proposing a Direct Entry Principal Competition this autumn, together with a note from Sir Robert Armstrong supporting Lord Gowrie. You have in the past turned down two requests to hold Direct Entry Principal Competitions. Lord Gowrie's request appears to be based on three premises:

- i. that there is a shortage of good Principals;
- ii. that direct entry Principals are content to remain at that level for the rest of their careers; and
- iii. that resentment amongst main stream executive grades at a direct entry competition will be assuaged by allowing them to take part in it.

I think that all these assumptions are rather doubtful.  
For example, if it is true that direct entry Principals are not looking for promotion, why should we recruit them?

Do you accept Lord Gowrie's recommendation or would you prefer to stick to your previous line?

*Would he like  
to come and have a  
word?*

*R.*

8 August 1983

Ref. A083/2431

MR FLESHER

The Minister of State, Privy Council Office, will shortly be putting a submission to the Prime Minister, seeking her authority to hold a competition this autumn to recruit about 30 Principals by direct entry.

2. As Lord Gowrie will say, we think that the revival of Direct Entry Principal entry would be a necessary part of dealing with the problems of managing a Civil Service in which the career structure will inevitably be more limited than in the past. We shall be taking fewer recruits direct from university, because of the reductions in numbers higher up the Service; but we shall still need a good supply of good quality Principals who are content to work at that level and are not looking for other than very limited promotion, if indeed even that.

3. The Direct Entry Principals exactly meet that need. They are older people, often very competent, who are looking for a useful job to do rather than a career to pursue. They are content to remain as Principals, or at any rate not to be promoted beyond Assistant Secretary. They are thus not a threat to the career prospects of the "flyers" whom we shall continue to need to recruit from university and whom we shall need to continue to motivate. For this reason I believe that the Minister of State's proposal will not damage the morale of career officers in the grade of Principal. Executive Officers and Higher Executive Officers may feel that their prospects for promotion to Principal are marginally diminished; but the proposal to allow them to enter for the competition should do something to deal with that possible source of criticism.

RA

ROBERT ARMSTRONG

5 August 1983