

CONFIDENTIAL



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

20 September 1983

Lord Gowrie
Minister of State, Privy Council Office
Management and Personnel Office
Old Admiralty Building
Whitehall
LONDON SW1A 2AZ

Dear Minister of State,

THE EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

You wrote to me on 14 September, confirming that you did not regard potential opposition from the Civil Service unions as a major obstacle to the extension of unified grading.

In view of what you say, and of the generally favourable reaction from other colleagues, I am content for us now to proceed to unified grading at the Assistant Secretary and Senior Principal grades as from 1 January 1984, with associated pay alignment within the levels of overall cost referred to in the note by officials enclosed with your letter of 8 August.

I am concerned to ensure that we get the full presentational benefits of making this move and believe we shall only secure these if an announcement covers the whole proposal, including pay alignment, the details of which have yet to be settled. Perhaps you and Barney Hayhoe could discuss this aspect further. Barney will be speaking in the Commons debate on the Civil Service at the end of next month and that might well be an appropriate time to make the announcement.

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

Yours sincerely,

Margaret O'Hara

NIGEL LAWSON

*(Approved by the Chancellor
and signed in his absence)*

Civil Service Long term RI

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CABINET OFFICE

Prime Minister

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To note.

MS 15/9

From the Minister of State

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE

Old Admiralty Building

Whitehall

London SW1A 2AZ

Telephone 01-273 4400

14 September 1983

The Rt Hon Nigel Lawson MP
 Chancellor of the Exchequer
 Treasury Chambers
 Parliament Street
 LONDON SW1P 3AG

Nigel

THE EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

Thank you for your letter of 2 September. If I read this right you are saying that you are prepared to accept the introduction of unified grading at Assistant Secretary and Senior Principal level from 1 January next year provided I can confirm that I do not regard potential opposition from the Civil Service Unions as a major problem.

I can so confirm. It has always been, and should remain, the position that grading decisions are for management to take and are not arbitrable. We consult the unions but are under no obligation to agree with them. They will be in no way surprised if we go ahead without their agreement. The position here is quite different from that on pay where we are dealing with the terms and conditions of employment of individuals and therefore need to try very hard to reach agreement with their representatives.

As to the position of the unions only three are involved in the present proposals - the FDA whose members are mainly in the senior Administration Group grades, the IPCS representing scientists, engineers and other professional staffs and the Society which is mainly concerned with middle management in the Administration Group but has a number of members at the levels - particularly Senior Principal - affected by our present proposals. The FDA are sitting on the fence. They have some worries about increased competition for senior posts but see attractions in the widening of the opportunities of the professional groups they represent. The IPCS are enthusiastic supporters of unified grading. This is not simply because their members stand to be the main beneficiaries

but because the move we are making is seen by them as part of a very desirable process of getting away from treating scientists, engineers and professionals generally in the Civil Service as second-class citizens. The Society are against unified grading. They have a genuine worry that some of the posts at present filled by their members in this area will be vulnerable to take-over by members of other unions. But as a left dominated organisation they have an inbuilt tendency to reject any proposals, however sensible, made by government; and they have a longer term fear about the viability of their unions which is losing members and influence. The fact that they oppose the present proposal is not unexpected - indeed I would be more worried if they supported it!

You will have seen from the recent letters from Ministerial colleagues that the employing Departments generally welcome the proposals as a real management benefit, and are ready to see unified pay scales being imposed if necessary to secure this. I note what you say about the Revenue anticipating only modest benefits from the change. There are no doubt special considerations affecting your Departments. The real gainers from increased flexibility in staff deployment will be Departments like MOD who employ large numbers of professionals alongside their administrators.

I am glad to see that Treasury evidence of comparative job weights supports unification at these levels and that, as the responsible Department, it intends to maintain grading standards after unification. I take your point about apparently large increases in pay for a few individuals resulting from the change, though they will, as you say, be phased. At the same time, I do not think that we need be shamefaced about changing internal pay differentials when this provides commensurate management benefits. The Treasury did, of course, make provision for the cost of this year within the overall 4.86% pay settlement.

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

*Yours,
T. J. G.*

LORD GOWRIE

10 SEP 1963

