

(1)
PRIME MINISTER

DIRECT ENTRY PRINCIPAL COMPETITION

Attached is a minute from Lord Gowrie reporting on last year's Direct Entry Principal Competition, and seeking your approval for another "new look" Competition this year.

As a Principal myself, I should declare an interest (though rather an indirect one).

Last year's Direct Entry Competition was very disappointing. There were 1000 applicants, but only 15 of the 36 vacancies were filled. This degree of mismatch between the standards set and the qualities of applicants is worrying. The MPO attribute it to the rather narrow job specification included in the advertisement. (It was narrow at your request, in order to minimise the impact on existing staff). But it is doubtful whether this can be the full explanation. The mismatch occurred also in the AT competition for fast stream graduates: there were 3000 applicants last year, and only 45 appointments were made.

The cost of the Direct Entry Principal Competition is estimated in the official note with Lord Gowrie's minute at £42,000. This is an extraordinarily low figure given the number of applications, and the number (189) who went on to extended interviews at the Civil Service Selection Board. The explanation appears to be that overheads have been excluded from the costing.

For the current year, Lord Gowrie is looking to fill 35 to 40 vacancies by direct entry. The new feature of his proposal is that the competition will also be open to internal candidates of any grade. But it would be surprising if this innovation turned out to be more than cosmetic: the 1983 Competition was open to those in the

/grades

grades immediately below Principal, and not a single Civil Service applicant was successful. Similarly, 126 internal candidates applied for the AT Competition, and only two were appointed. How much hope can there be that more junior staff will do any better?

Lord Gowrie's minute does not say much about the numerical justification for the Competition, relying on the statement that "a number of Departments report a shortfall". It would be interesting to know whether this shortfall is balanced to some extent by surpluses elsewhere of staff who cannot be moved - or, for example, by a supply of women Principals whom some Departments are reluctant to employ part-time.

Nor does the minute comment on the effect of Direct Entry recruitment on the promotion prospects of existing staff, either at or below Principal level. You were concerned about this last year. ✓

Agree to ask Lord Gowrie for a further note:

- (i) setting out the numerical case for the proposed Competition; ✓
- (ii) giving the cost per appointment of last year's Competition, if a full allocation of overheads if made; ✓
- (iii) commenting on and quantifying the likely effect on the promotion prospects of existing staff? ✓

DMB
15 June 1984

*Yes - Hartley on
mt*

Prime Minister ⁽¹⁾

Agree recommendations
at end?

MR BARCLAY

Sub 29 June 1984
29/6

DIRECT ENTRY PRINCIPAL COMPETITION 1983

Lord Gowrie finds himself short of 35-40 Principals this year. He proposes to obtain them by a competition, open to both direct entry and internal candidates.

Lord Gowrie's problem of numbers is a modest one. He expects a shortfall of Principals of only 1%. This means that some Assistant Secretaries would have to do more of their own drafting. Part of the solution would be to prune more of the many superfluous functions of Government. A separate Policy Unit minute on public expenditure discusses this. Better use of existing talent is the other half of the solution.

The direct entry element of the competition is likely to be unnecessary, expensive, ineffective and likely to antagonise a shrinking Civil Service to no real point.

The 1983 direct entry competition was a flop. 1,000 applicants for 36 posts yielded only 16 appointments, at a cost per appointment of £9000 - well over half the annual salary of the posts concerned. The Civil Service Commission attributes this to the "narrowness of the job specification" and the "lack of a detailed description of the jobs involved". This is not convincing. Civil Service work is

well understood by those in similar jobs, even without "Yes, Minister". The most likely reason for the flop was that the pay and prospects of Principals is not sufficiently attractive to the more successful in the private sector. So long as this remains the case, it is unrealistic to expect repackaging the competition to make it successful.

The other dimension of the competition - opening up internal promotion - is more promising and the principle behind it should be extended. The ablest of the younger civil servants are held back by arbitrary conventions about age and seniority. On entry into the Civil Service they are expected to serve 6 or more years before promotion to Principal, and another 9 or so before promotion to Assistant Secretary. The abler Higher Executive Officers are expected to work their way doggedly through the Senior Executive Officer grade before promotion to Principal. These rigidities have a lot to do with misplaced egalitarianism, designed in part to appease the Civil Service unions. Lord Gowrie's competition would allow grade-skipping; it should also disregard age.

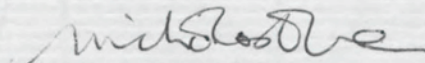
We recommend that Lord Gowrie should:

- i. dispense this year with the direct entry scheme, which is expensive and unlikely to secure the higher quality people which are in such short supply;

E. R.

ii. he should instead proceed with an open internal competition, in which neither existing grade nor age would be a disqualification;

iii. Lord Gowrie should be pressed to report as soon as possible on how to break out of the rigidities of the departmentally-based promotion machinery, so as to create better opportunities for abler civil servants.


NICHOLAS OWEN

CIVIL SERVICE: Gay-ton Management. P. 15



CONFIDENTIAL



Ancient Policy Unit

cc Mr Owen pte

CABINET OFFICE

From the Minister of State

Lord Gowrie

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28 June 1984

Dear David,

DIRECT ENTRY PRINCIPAL COMPETITION

In your letter of 18 June you asked for further information on the manpower planning background to the case for a Principal competition in 1984.

The attached annexes give information about stock, flows and future projections. They show that more Principals are needed in 1984 than had been planned for, not least because extra vacancies are being created by the Special Early Retirement scheme for senior staff. Wastage of younger staff is also a factor: for example in the Department of Environment and Department of Transport two Assistant Secretaries and three faststream Principals have left for the private sector in recent weeks, creating consequential Principal vacancies.

There is also a shortage of high quality Principals - a problem not reflected in the figures alone. As posts are cut at senior levels and senior staff are given wider spans to manage, more responsibility has been pushed down to Principal level, much of which because of the nature of the work cannot easily be delegated further. At the same time support staff have been reduced. As a result the reduction in the overall number of posts at that level has been lower than in most other grades, and the percentage of Principals who are required to display well above average qualities has been rising. It is this type of Principal which is in particularly short supply.

While there is no single answer to this problem it is undoubtedly crucial to concentrate more effort on identifying able staff in the junior grades, and bringing them on as rapidly as possible to fill posts in the shortage areas. A scrutiny is in progress on this. It is drawing heavily on private sector practice, and will report to Lord Gowrie later in the summer. The effects of its recommendations will not feed through immediately, however, and we need to meet today's urgent needs.

We have certainly considered how to make more use of women willing to return to work part-time. Departments are extending part-time working. But it is not easy to use part-timers in the high pressure policy posts where shortages are most acute.

We have also examined the scope for using cross-departmental transfers to fill shortage areas. The main departments (which employ the great majority of civil servants) are all short of faststream staff for their headquarters jobs. We believe that there are staff in certain areas of the Service, particularly in the small departments, who could help to fill some of the shortage posts, but we need to improve the ways in which departments identify them and prepare them to fill posts very different from the ones they presently hold. Again, work on this is in hand.

For these reasons Lord Gowrie has concluded that a Direct Entry Principal competition is the best way of filling the shortfall of 35-40 posts this year. The competition will of course be open to serving civil servants as well as outside candidates. Any civil servant can apply, and would (after an initial sift) go through the two-day selection procedures of the Civil Service Selection Board. The scheme should be particularly attractive to the able young HEO as a way of short-circuiting the normal promotion machinery. Lord Gowrie hopes to use publicity about the scheme to encourage as many serving civil servants as possible to apply. But he does not expect that inside candidates alone would this year yield enough successes for our needs.

The fuller break-down of the costs of the competition which the Prime Minister asked for is at Annex C.

*Yours sincerely,
Mary Brown*

MRS M E BROWN
Private Secretary

ANNEX A

FORECAST SUPPLY AND DEMAND

1. Aggregate figures of stocks and flows are given in the chart at Annex B. These are useful in showing what is happening within the manpower system but have their limitations. In particular they can give no indication of the quality of the supply, which is obviously a key question when it comes to assessing future promotions.

1983

2. For the Principal grade (total size 4300) the chart shows that in the last full year, 1983, the flow into the grade by internal promotion was 500 (390 promotions from SEO, 110 from HEOD). In addition, there were about 30 transfers from specialist grades. The flow out of the grade was 170 by promotions from Principal to Senior Principal and Assistant Secretary and 340 by retirement and resignation. It is important to emphasise that this is just a snapshot of a continuous process of recruitment, retirement, promotions and changes in posts; the calendar year does not provide any natural barrier and there is no end of year balance.

1984

3. This year the total number of promotions to Principal had been projected to fall quite sharply to about 400. The reason for this is that although reductions in posts lead to a reduction in promotion opportunities, this has been concealed in the last few years by an above average number of retirements. The effect of these had been expected to end in 1984 but the Special Early Retirement Scheme will prolong it. If all 100 early retirements under the Scheme are used to create promotions (as is the intention) then this will set off a chain of promotions at each level which could sustain the 1984 promotions to Principal at about their 1983 level.

1985-1990

4. In the remainder of the decade the number of promotions to Principal each year is projected to fall each year to a low point of some 250-300 a year three or four years hence and a

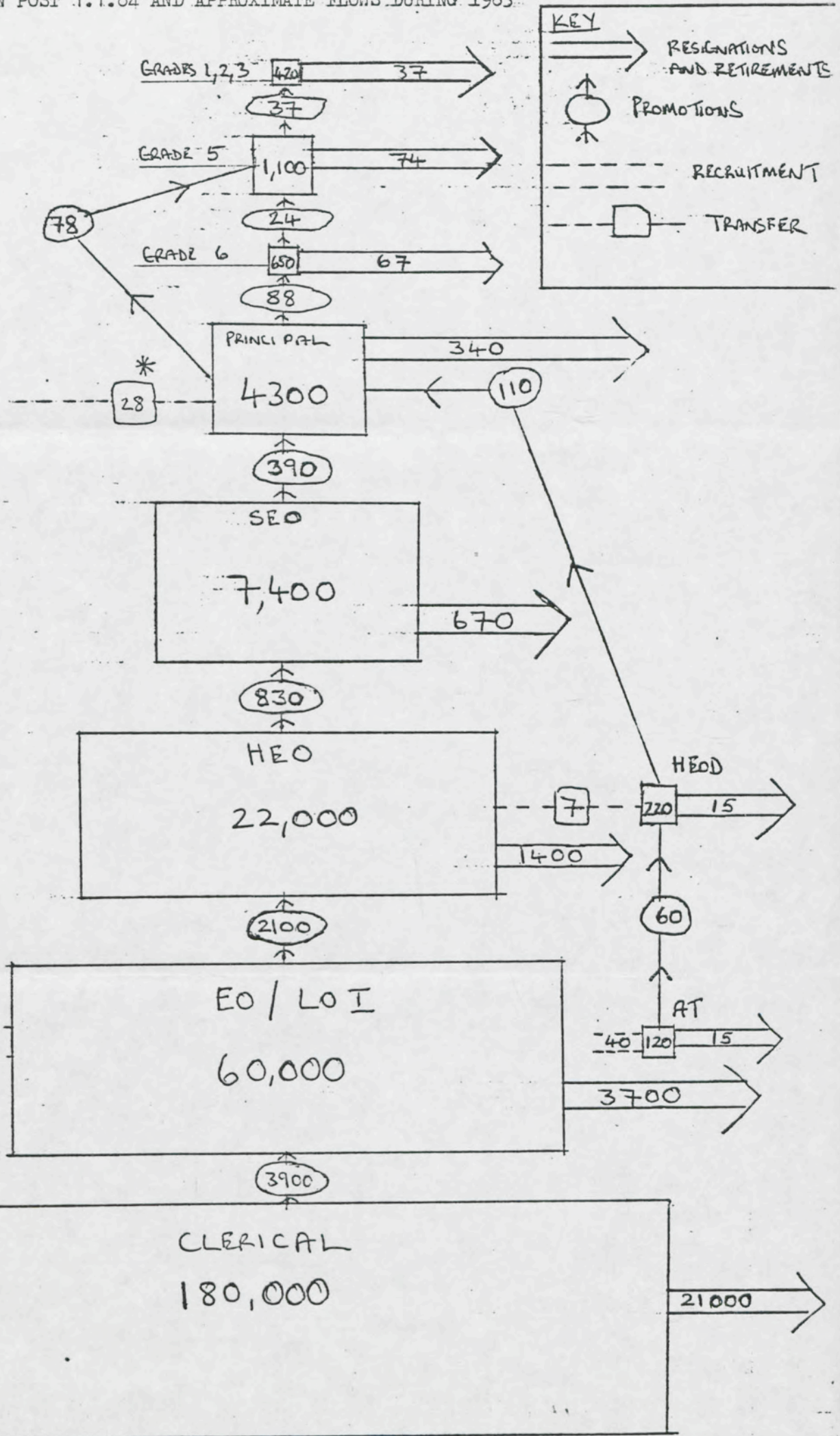
slight recovery thereafter. The precise scale and speed of the fall will depend on such factors as changes in wastage (including the impact of early retirement schemes) and the way in which further manpower cuts are achieved, in particular the way in which cuts are spread across the grades. The large cuts in senior posts have led to work being pushed down to Principal with the result that that grade has been cut less heavily than most. If this trend continues promotions to Principal may be more buoyant than the projections, which assumed pro rata cuts, suggest.

EFFECTS OF RECRUITMENT ON PROMOTION PROSPECTS

5. Departments' best estimates of the numbers required through a possible Principal competition in 1984/85 are that they would be roughly as in 1983, ie about 35/40 vacancies. Undoubtedly recruitment of Principals has an effect on promotion prospects and assuming all vacancies were filled this would mean 35/40 less promotion vacancies at Principal level with a knock-on effect down the chain. This is comparatively small when set in the context of the 300-350 promotions expected to the Principal grade which will also have a knock-on effect down the chain. Moreover, in the form of competition Lord Gowrie has proposed we hope that a significant proportion of success will be serving Civil Servants, and therefore in reality promotions, thus reducing this effect.

ADMINISTRATION GROUP AND GENERALIST OPEN STRUCTURE:
 STAFF IN POST 1.1.84 AND APPROXIMATE FLOWS DURING 1983

Reference ANNEX B



* mainly from specialist grades, scientists, engineers etc.

ANNEX C

COSTS OF A COMPETITION

The total cost of the 1983 Direct Entry Principal Scheme was £153,500. Expressed in terms of cost per vacancy (36), this works out at £4,264. The cost per appointee (16) is £9,600.

The costs cover:

- i. direct costs arising from this scheme (eg advertising, fees, travelling and subsistence);
- ii. indirect costs of staff running the scheme (eg salaries, accommodation);
- iii. indirect costs of both senior and support services staff;
- iv. assistance from other government departments.

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