



FROM: CHIEF SECRETARY
DATE: 27 July 1984

PRIME MINISTER

SENIOR OPEN STRUCTURE REVIEWS

*See Pt 10
At flap*

You will recall that in his Open Structure Review Report, Sir Geoffrey Wardale said that there should be "continuous and systematic review of [Open Structure] posts to strengthen CSD's [now Treasury's of course] control" (report summary point 2). He said also that the CSD's [Treasury's] control should be reinforced by the examination of work in departments, using agents of suitable status and experience (report - recommendation 6.3).

In the published Treasury report on the general Open Structure Review, we said that every three years or so "official heads of departments will carry out in consultation with the Treasury and the Management and Personnel Office a comprehensive review of their top management structures".

*Pt 10 at
flap*

When my predecessor reported to you on the Open Structure Review, you expressed a particular interest in the method a frequency of reviews of Open Structure posts. Therefore, I thought you would be interested to hear what we propose to do to meet this commitment. Sir Peter Middleton has agreed arrangements with Permanent Secretaries as follows:

- (a) A continuing three-yearly programme of review of departments' top management structures, starting in Autumn 1984. The programme will, as the Treasury report suggested, take advantage, where possible, of the natural opportunities for review provided by changes of head of department, or changes in

the pattern of business (the programme will be drawn up in consultation with departments and the Cabinet Office (MPO). It will cover all departments with five or more senior Open Structure posts; review of departments with less than five posts would be ad hoc).

(b) Reviews to be carried out in the first instance by heads of departments themselves without direct Treasury participation (but they could opt to go straight to (d) below if they preferred to short circuit the proposed two-stage procedures, eg. in cases where they wanted an increase).

(c) When requesting a head of department to carry out a review, the Treasury will ask him to pay particular attention to areas about which the Treasury has cause for concern, eg. particular "suspect" posts, unsound organisation, (these assessments will be based on our experience in dealing with departments).

(d) The head of department to report the outcome of his review to Sir Peter Middleton with a copy to Sir Robert Armstrong. If they are satisfied with it, that would be the end of it. However, if they are dissatisfied with any aspect of the review or if his review has caused the head of department to propose any increase in the number or grading of his department's senior open structure posts, there would be a second stage review by the Treasury of the area in question, or wider if necessary.

(e) The second stage review by the Treasury to be carried out by retired Permanent Secretaries or Deputy Secretaries. Support will be provided by the Treasury's Staff Inspection and Evaluation Division. An outside consultant might be brought in to participate in a review where it was judged

that this would increase its effectiveness.

(f) The report on the second stage review to be made to the Treasury; and copied to the department, and to Sir Robert Armstrong. Obviously one would hope that the reviewer's conclusions will be acceptable to both the Treasury and the department.

Sir Anthony Acland and Sir Clive Whitmore respectively have agreed that the programme should include (as the Open Structure Review did) reviews of senior Diplomatic Service posts in London and Service posts at 2-star level and above in the Ministry of Defence.

The aim of these reviews will be to ensure that the number of Open Structure posts remains (in aggregate) no higher than the level that emerged from the Open Structure review, and to seek further reductions where possible. Generally we are taking the line that there should be compensating reductions for new Open Structure posts (the line you have taken on Norman Fowler's proposal for additional senior posts to implement the Griffiths report).

I hope you are content with these arrangements, and agree with the proposed line on numbers of posts.

A copy of this minute goes to Cabinet colleagues, and to Sir Robert Armstrong.



PETER REES

CIVIL SERVICE : Long Term
At 16

30 JUN 1964

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10 DOWNING STREET

From the Private Secretary

3 August, 1984

Dear John,

SENIOR OPEN STRUCTURE REVIEWS

The Prime Minister was grateful for the Chief Secretary's minute of 27 July setting out proposals for a continuing programme of reviews of the Open Structure.

The Prime Minister is broadly content with the arrangements proposed by the Chief Secretary, and in particular, with the aim of ensuring that the number of Open Structure posts remains in aggregate no higher than the level that emerged from the Open Structure Review. She agrees that it would be right to seek further reductions where possible, and that as a general rule compensating reductions should be sought for new Open Structure posts.

The Prime Minister has expressed the hope that in implementing these proposals, full use will be made of outside consultants where appropriate. She trusts that Ministers will be involved in decision taking following reviews in Departments; and she would herself like to see periodically a summary of the overall results.

I am sending copies of this letter to Private Secretaries to the members of Cabinet, and to Richard Hatfield (Cabinet Office).

Yours ever,
David

DAVID BARCLAY

John Gieve, Esq.,
Chief Secretary's Office

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MANAGEMENT IN CONFIDENCE

- I agree and I suggest that you add
1. MR. BUTLER *Yes* (a) that you would like to see a summary showing the outcome of the reviews for all Departments;
 2. PRIME MINISTER (b) that any net addition to the number of open structure posts in any Department should be submitted to you before it is approved.

I don't think that is necessary

SENIOR OPEN STRUCTURE REVIEWS

FERS
2.8.

I attach a minute from the Chief Secretary setting out proposals for conducting regular reviews of the Civil Service open structure.

Two points strike me:

- (i) Apart from a brief reference to outside consultants being used in support of the Treasury, the proposals envisage all the work being done by present or former members of the open structure itself.
- (ii) There appears to be no provision for the referral of the conclusions of such reviews to Ministers.

Agree to respond to the Chief Secretary by saying that you are broadly content with his proposals, although you hope that full use will be made of outside consultants where appropriate, and that Ministers will be involved in the taking of decisions following reviews?

Dub

1 August 1984



PRIME MINISTER

nbpm. Dip will
copy to HMT, since
this is really a marker
for their benefit

SENIOR OPEN STRUCTURE REVIEWS

DMB
7/8

I refer to the Chief Secretary's minute of 27 July.

I am entirely in favour of the arrangements agreed between Permanent Secretaries for reviewing the top management structure of each department. My department will co-operate to the full in this programme. I am also in favour of a strict control over the total number of senior posts in the Civil Service as well as overall staff numbers and costs. What would be a problem, however, certainly for my department, would be a presumption that our top posts must not exceed a number based on a review undertaken two or three years ago. Management structures must adapt to changing needs. Indeed, my Permanent Secretary is currently negotiating with Sir Peter Middleton about additional posts which would bring our total to two above that level. The need for this lies mainly but not wholly in the consequences of the proposed abolition of the GLC and the metropolitan counties. Of course, I do not wish to prejudge in any way the review to be undertaken later on in the Department of Transport. I am sure it will be a very thorough one. I am simply putting up a marker that we should not take a static view of the number of senior officials required to carry out the work and implement our policies.

NICHOLAS RIDLEY

7 August 1984