

20



Chancellor of the Duchy of Lancaster

Prime Minister.

Content for a more limited early retirement scheme to go ahead for 1985/86, pending the proposals for the introduction of revised arrangements from 1986/87 onwards? M&A 1/4

PRIME MINISTER

SPECIAL EARLY RETIREMENT

The Special Early Retirement (SER) Scheme, which ended formally on 31 December 1984, was designed as a major and immediate measure to deal with the problem of promotion blockages in the Civil Service. I have been considering the wider problems of promotion blockages and alternative solutions, and I will shortly be in a position to make proposals to you. But in the meantime, I would like to report on the outcome of the SER scheme and to propose measures for 1985 - until longer-term reforms of early retirement can be implemented.

ms

The SER scheme had as its aim the premature retirement in the public interest of senior officers aged 55 or over in order to remove a promotion blockage, particularly where this would expedite the promotion of outstandingly talented younger staff below them. A first-year ceiling of £6 million was placed on the funding of the scheme; it was estimated that this would enable about 100 retirements to be made.

Results of SER

A breakdown of the Scheme's results is shown at Annex A. A total of 99 retirements were approved, and these have resulted directly in just under 400 consequential promotions, an average of about 4 for each retirement. We should be careful, however, not to measure the usefulness of SER purely in terms of one-off promotion statistics; departmental reports on the scheme show that in many cases it was found to be particularly valuable in restricted specialist or fast stream administrative areas which tend to have shorter grading hierarchies than those found in the administration main stream. In general, the scheme succeeded in its main aim of providing opportunities to bring on talented younger staff. This is confirmed by Sir Robert Armstrong's consultation with Permanent Secretaries. They have referred to specific instances of structural or age imbalance problems which the scheme had helped to relieve, and of promising individual officers, often in small, tightly restricted specialist areas, whose promotions were accelerated, sometimes by many years. The great majority of departments favoured further SER type measures. All this leads me to conclude that the 1984 SER programme has made a valuable initial contribution to our attempts to resolve the structural difficulties caused by the rapid contraction of the Civil Service in recent years.

Another Limited SER Scheme

Turning to the question of how the scheme should be followed up, I do not think that another major SER scheme during the next 12 months would be justified. Instead, I would propose

MANAGEMENT IN CONFIDENCE

a very much smaller scheme, with provision for about 30 retirements, to cover the financial year 1985/86. The evidence available suggests that a modest provision of this sort should be sufficient to meet any of the most severe cases of individual promotion blockage at senior levels that departments are likely to encounter during this period. A follow-up to the initial scheme of this size would cost some £1.5 million in 1985/86, equivalent to the unspent portion of the original £6 million SER budget. I understand that Treasury officials would be prepared to recommend expenditure from the Superannuation Vote for the purpose within this limit.

Wider Issues

With the decline in Civil Service numbers over the past five years following the very high level of recruitment in the early 1970s, the problems of manpower management, and particularly promotion blockages, are likely to become more acute over the next decade or more. So far as early retirement is concerned the limited SER scheme I am now proposing for 1985/86 will make a small but useful immediate contribution to the problem, and I will shortly make proposals for the introduction of revised arrangements for early retirement generally from 1986/87 with such retirements being financed by employing departments rather than centrally.

But immediately, I recommend that we proceed with a limited scheme as proposed above.

I am sending copies of this minute to the Chancellor of the Exchequer, Sir Robert Armstrong and Sir Robin Ibbs.

9.

GOWRIE
25 March 1985

RESULTS OF THE 1984 SPECIAL EARLY RETIREMENT SCHEME

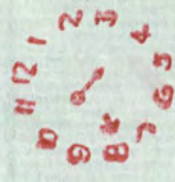
A total of 99 retirements were made under the scheme in the following grades:-

Grade 2 (Deputy Secretary)	4
Grade 3 (Under Secretary)	16
Grade 4 (middle executive directing band)	5
Grade 5 (Assistant Secretary)	62
Grade 6 (Senior Principal)	12

The cost of these retirements until the end of 1984 was between £4.3 and £4.4 million, some £3.3 million of which - the cost of the normal superannuation lump sums payable on final retirement in any event - represents the bringing forward of an existing charge on the Exchequer. This cost was substantially below the allocated budget of £6 million.

The total additional cost of the scheme, ie the compensation payable plus the payment of annual pension until those retired prematurely will all have reached 60, will be of the order of £5 million.

28 MAR 1957



CONQUATOR

1957



FILE

207

10 DOWNING STREET

From the Private Secretary

2 April 1985

MANAGEMENT IN CONFIDENCE

SPECIAL EARLY RETIREMENT

The Prime Minister has seen Lord Gowrie's minute of 25 March. She is content with the proposals for a limited early retirement scheme in 1985/86, as set out in the minute.

I am sending a copy of this letter to Rachel Lomax (HM Treasury), Sir Robert Armstrong and Sir Robin Ibbs (Cabinet Office).

(Mark Addison)

Paul Thomas Esq
Chancellor of the Duchy of Lancaster's
Office

EC



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

PRIME MINISTER

NBPM

I have seen Grey Gowrie's minute of 25 March about a limited Special Early Retirement scheme in 1985/86.

2. I have no objection to his proposal as such. But I should want it to be viewed not as a new scheme but as a continuation of the 1984/85 exercise to which the Treasury gave its agreement on a one-off basis pending the introduction of the proposed revised arrangements for early retirements generally. I confirm that the cost will be met out of the Civil Superannuation Vote up to the stipulated limit in 1985/86 of £1.5 million.

I am copying this minute to Grey Gowrie and to Sir Robert Armstrong and Sir Robin Ibbs.

A handwritten signature in dark ink, appearing to be 'N.L.' with a horizontal line underneath.

N.L.

2 April 1985

Civil Service Pt 17

Long Term Policy

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

-3 APR 1985

