

PRIME MINISTER

MORALE IN THE CIVIL SERVICE: MEETING ON TUESDAY 25 JUNE WITH
THE LORD PRESIDENT, FOREIGN SECRETARY, CHANCELLOR OF THE
EXCHEQUER, CHANCELLOR OF THE DUCHY OF LANCASTER AND SIR ROBERT
ARMSTRONG

I attach:

- Flag A - Sir Robert Armstrong's long submission of 7 June on morale in the Civil Service;
- Flag B - Sir Robert Armstrong's answers to some questions which you raised on it; and
- Flag C - some notes by Mr Warry in the Policy Unit.

Your colleagues at this meeting do not know the contents of the TSRB Report and it would be premature to reveal them at this stage. So you should not mention them, except perhaps in the most general terms.

I suggest that the purpose of this meeting should be twofold:

- (i) to establish to what extent your colleagues' own experience confirms what Sir Robert says about morale;
- (ii) to collect their ideas of what to do about it. In particular, you will want to get the Chancellor's views on the scope for reaching a satisfactory long term pay agreement and for allocating some money - perhaps from efficiency savings - to improve working conditions.

Perhaps I may add one comment on Mr Warry's note below. I strongly agree with him that people do not suffer from stress or loss of morale just because they are stretched: in my experience the reverse is usually true and people are prepared to work very hard if they have a clear purpose and think what they are doing is worthwhile. They lose morale if they know

in their hearts that what they are doing is ineffective. What this amounts to is that the more that unnecessary and ineffective bureaucracy can be reduced and people can be given instructions which they can operate and understand (eg in social security and tax offices) the higher their morale will become.

F.E.R.B.

Lord Gowrie's report on accommodation which has just come in (reference flag) offers a prospect of savings in accommodation costs which could be ploughed back in whole or in part to improve the working environment.

F.E.R.B.

21 June 1985

CIVIL SERVICE MORALE

Morale is important when it affects the motivation and retention of key staff. Grievances, eg low pay, are different and not necessarily closely linked to morale. Key staff's morale should be good if:

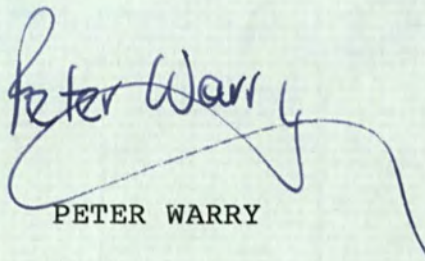
1. The organisation has direction and purpose. Indeed it can improve during a redundancy if the management is seen to be tackling the perceived problem with vigour, but will fall if an extended period of small cuts is planned rather than a single large slice.
2. Employees are stretched to their limits. If large cuts are made then those that remain gain greater responsibility and job interest, less important (and less interesting) tasks have to be dropped through lack of resources, and as a result business is dealt with far more quickly. Ministers' Private Office's exemplify this.
3. Employees know clearly what is expected of them. Justified criticism never damages morale, but if objectives are unclear and the criticism general rather than specific, then morale suffers.
4. Pay is relevant but not as important as job satisfaction or the prospect of promotion.

The FMI system ought to deliver much of this. The Atlee Government which produced more technically sound legislation than any of its successors yet with a far smaller civil service shows what can be done.

Recommendations

1. Identify all the general manpower savings required over the next five years and implement immediately if possible.
2. 'Savings' that are really only a transfer of responsibilities out of the public sector should be identified separately so that staff are not faced with the appearance of recurring cuts every year for the foreseeable future.
3. Pay should only be increased if there is evidence that key staff are actually leaving for this cause rather than eg for lack of job satisfaction, and even then, pay increases should be selective.

In short, we want to get to a position where manpower cuts are behind us, and where all civil servants have demanding (and satisfying) real jobs to do which achieve the results the Government want and are properly appreciated.


PETER WARRY



Ref. A085/1618

MR BUTLER

Thank you for your minute of 10 June about my submission of 7 June on morale in the Civil Service.

2. I have sent copies of the submission to the Lord President, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Chancellor of the Duchy of Lancaster.

3. On the specific points in your minute:

a. Most of the reports I have received have been oral, and most have come to me from Permanent Secretaries. I am afraid that I have not kept a count of them; but nearly all Permanent Secretaries in charge of Departments have in the last month or two expressed to me views consistent with what I wrote in my submission. I attach extracts from letters from two of them - both of them people whom both the Prime Minister and I respect. Similar views have been expressed to me orally directly by some civil servants from lower levels; but the selection of those is for obvious reasons pretty random.

b. I believe that a great many employers make it a deliberate policy to maintain security of employment for middle and senior management and for other "white collar" staff (though not for industrial employees), even if some of them would not avow it. Examples are ICI, IBM, BP, the clearing banks.

c. I agree that the departure of Deputy Secretaries in their late 40s offers management flexibility and improves



promotion opportunities. But it is the best who find it easiest to move, and whom we should like to have available for promotion. For instance, I have a list of three potential successors to Sir Brian Hayes at the Department of Trade and Industry (this is more than I have for most Permanent Secretaryships). One has just gone (Roy Croft); I know that another is looking for opportunities to go. One is of course enough; but there is no insurance against accidents or failure to live up to expectations.

ReA

ROBERT ARMSTRONG

14 June 1985

CONQUEROR

EXTRACT A

"The exchanges we have had on this subject a number of times over the past months have shown that there is indeed not just a problem but a crisis of morale in the Civil Service today. We are of course short of objective evidence: but the volume of subjective and anecdotal evidence in the form both of reports from managers and of personal observation is now such that I do not think anybody could reasonably doubt that morale has sunk to a very low level indeed and that there is no reason to suppose that that situation, left to itself, is going to improve.

What has brought about this state of affairs? My view is that the cause is what is perceived by civil servants and by the public at large to be the attitude of Ministers towards the Civil Service as an institution. Ministers are believed to hold the Civil Service in low esteem. It is widely thought that Ministers hold this view because they regard the private sector as wealth creating and therefore good and to be encouraged and the public sector as wealth consuming and therefore bad and to be diminished as far as possible. This is no doubt a grossly over simplified understanding of Ministerial attitudes and is unfair to individual Ministers, but there is no escaping the fact that this perception of Ministerial thinking is now widely and deeply held.

Like everybody else civil servants like to think that they are doing a worthwhile and useful job. If they believe, as they do, that their own employers have little time for them and for the place their work occupies in the present scheme of things, their self-respect is soon destroyed, and their morale with it. Many of us are in the Civil Service because we do believe in what you call "the concept of public service", but the desire to provide such services and the satisfaction which is to be derived from it will be undermined if Ministers are believed to attach little value to it. It is interesting that our experience is that it is generally the morale of those in outstations and of junior staff which has been most badly affected by the present state of affairs. I think that this is because they are the staff who just because they are

remote from Ministers are probably most in need of reassurance that they are performing a useful role and that they are making a contribution, however small, to an institution that is valued and respected.

"My own view is that the other issues that worry our colleagues - pay, reductions in manpower when the workload is growing, promotion prospects and so on - are only symptoms of the problem, the root of which is the relationship between Ministers and the Civil Service. Pay has probably become the single most significant measure of that relationship in the eyes of the mass of civil servants. They see the Government's approach to pay as a direct reflection of Ministers' general attitude towards them. And I have to say that many civil servants would think that the Chancellor himself had said it all in the sentence in his minute of 15 May to the Prime Minister on the current Civil Service pay negotiations which read;

'This pay review is therefore effectively at an end and I think that we can regard the outcome as satisfactory'.

Of course in public expenditure terms it is reasonably satisfactory but I fear that for what it will do to the morale of our colleagues it is the reverse."

EXTRACT B

"I think one of the reasons this is so difficult is that there are so many different dimensions to the problem of Civil Service morale. This Government seems to have found a variety of ways of impairing morale - by the disparagement of public service activity; by a quest for better housekeeping that implies past inefficiency; by using the service to set an example over pay; and by cutting numbers to the point where our front-line services are under pressure and service is, frankly, deteriorating. One consequence has been a deterioration in industrial relations, of which this Department has had bitter experience. There is no single or

simple way of setting all this right. Different levels of the Service are affected in different ways. In local offices there is still high turnover when junior staff can find other jobs, where they are generally better paid for less stressful work in more comfortable surroundings. We have Inland Revenue's evidence that junior staff employed in their offices look on the Government as a poor employer, to a quite disconcerting degree. Higher up the scale Inland Revenue lose tax inspectors, and we lose ADP specialists, to the private sector for probably less interesting work, but incomparably better pay. At Headquarters the best staff are working harder than ever, in the best tradition of the service without the sense that this respected and with apparently deteriorating career prospects; some of them are leaving. Above them they see the top of the Service being disparaged by the importation of not particularly impressive outsiders at twice the price.



R302N

10 DOWNING STREET

From the Principal Private Secretary

BF // Meeting arranged for
Tues 25/6/85 11 am

SIR ROBERT ARMSTRONG

The Prime Minister read carefully over the weekend your submission of 7 June (A085/1542) about morale in the Civil Service. The Prime Minister is content that you should copy your submission, as you suggest, to the Lord President, the Foreign Secretary, the Chancellor of the Exchequer and Chancellor of the Duchy of Lancaster and the Prime Minister will arrange a meeting to discuss it with them and you. In the meantime, the Prime Minister has noted one or two questions on your minute:-

- on paragraph 1, she has asked how many reports you have in fact received and from what level; and what they say;
- on the last sentence of paragraph 2(d), she has asked which private sector employers make it a deliberate policy to maintain security of employment;
- on paragraph 5 she has asked whether the phenomenon of Deputy Secretaries in their late 40s considering going outside for the last 10 or 15 years of their working life is necessarily a bad one. She has suggested that it may offer management flexibility.

ferns

10 June 1985

BM



Prime Minister

This is the submission

which I warned you was coming.

Ref. A085/1543

ms

MR BUTLER

I have taken the opportunity to ask such Permanent Secretaries as I have met in the last day or two whether they share this gloomy view; and I have got curiously mixed views. Some share it to some extent; others don't recognise it at all.

I am sending you herewith a minute to the Prime Minister about the state of morale in the Civil Service.

Agree that Sir R.

Yes and Armstrong should copy to Lord President, Foreign Secretary, Chancellor and Lord Gowrie - and then a meeting?

2. I have been thinking for some weeks that I should do this; but when I learnt that Lord Plowden would be coming to talk to the Prime Minister privately about this - as he did on 8 May - I decided that my submission should wait until after that. Nonetheless I should have been sending a minute on these lines even if Lord Plowden had not said what he did say to the Prime Minister.

FERB

7.6.

3. I have not referred to Lord Plowden's meeting with the Prime Minister in this minute.

4. The Prime Minister will have seen reports of what Sir Antony Acland said to the Foreign Affairs Committee about the burden of work on members of the Foreign Office. He is reported as having said that concern about the burden of workload was not confined to the Foreign Office but extended to the entire Civil Service, and was shared by me. As you will see from paragraph 2a of the attached minute, I think that many civil servants do feel under excessive pressure of overload, and that this is a factor of morale. But I have to say that Sir Antony Acland did not consult me before saying what he did, and I did not have any knowledge or forewarning that he was going to say it. The fact that I am sending this minute now, in relation to that, is purely coincidental.

RIA

ROBERT ARMSTRONG

7 June 1985



10 DOWNING STREET

Prime Minister

This has not turned
out to be an ideal moment
for a discussion of Civil
Service morale (or perhaps it has).

Afterwards the Foreign
Secretary and Sir Robert
Amstrong would like a word
with you privately.

Then Sir Robert would like
a word about my successor.

FERB

22.7.

RESIGNATIONS FROM THE CIVIL SERVICE

	% Asst/Sec	% Principal
1979	0.4	1.0
1980	0.6	0.9
1981	0.7	0.8
1982	0.7	0.8
1983	0.7	0.9
1984	0.7	1.2