

PRIME MINISTER

Lord Gowrie's minute (attached) seeks your permission to hold an external competition to recruit direct entry Principals, albeit a restricted one.

You will remember that last year you resisted a similar request, and that Lord Gowrie agreed that an internal competition should be conducted instead.

Lord Gowrie's minute does not make out much of a case. There are no facts and figures to pinpoint the shortages. It is simply asserted that 'departments have difficulties in finding good quality Principals to meet demand'.

There are a number of prima facie arguments against Lord Gowrie's proposed course of action:

i) One of the causes of the 'morale problem' is that there are too many good people at Principal level, chasing too few jobs further up the scale. It seems difficult to believe that the talents of all these people are currently fully utilised.

ii) If the aim is to attract high quality, is an external competition going to deliver the goods? I doubt that experience to date gives much ground for optimism. Pay relativities with the private sector work against it. And are local authorities really a plausible source of supply?

iii) The numbers being sought are small (about thirty in total). There are five hundred promotions to Principal each year. Can it really be that an expensive external recruitment competition is necessary?

iv) If some departments are short of talent, some - particularly those suffering most from promotion

D. R.

blockages - will be better off. Perhaps more inter-departmental movement is the answer.

v) An external competition will damage morale at Principal level. To the extent that there is a morale problem, it is perhaps most serious in this group. And the impact of the TSRB awards is unlikely to have provided much of a fillip here.

In the light of these points, and of the sketchy arguments in Lord Gowrie's minute, you may like to ask him to set out a stronger case, given the possible cost and morale implications of his proposal. You will also, I think, wish to seek advice from Sir Robert Armstrong.

Content that I should reply accordingly?

*Mark Addison*

Mark Addison  
9 August 1985

*I do not think we should hold an entry competition this year - I agree with your paras (i) - (iv) & (v)*

*ms*

BEMAWN



Chancellor of the Duchy of Lancaster

cc N.J.O.  
cc R. M. H. J. J. J. J.

PRIME MINISTER

PRINCIPAL SHORTAGE

As you know, a number of departments have had difficulties in the past few years in finding sufficient good quality Principals to meet an increased demand for people with their type of skills. This has been exacerbated in several instances by the loss of key individuals to the private sector through resignation. We hope to overcome this in the medium term by the management development programmes for junior staff recommended in a scrutiny report which you approved at the end of last year. Robin Ibbs and I have now agreed an action plan which will ensure that these are introduced in all departments from the beginning of next year.

Until this takes effect we have, however, to continue with short term remedies. Last year you authorised a special internal competition which has succeeded in meeting a significant part of the demand. 44 of the 65+ vacancies for top quality Principals were filled. I am pleased with the results of the competition and think it worth repeating. I am doubtful, however, whether a repeat this year so soon after the last would be productive. We need a longer interval to let the potential field once more develop. I think this is therefore an option for next year rather than this year.

This still leaves us, however, with a shortage this year in a number of departments, which have been facing particular pressures as a result of policy initiatives expanding the need for high quality staff and losses of such staff through resignation: these are mainly the Departments of the Environment, Transport and Trade and Industry, plus a few other departments with smaller needs. All of these departments have been asked to take a very careful look at their own staff and make what use they can of interdepartmental transfer but they have concluded that the only option to meet such difficulties is some form of recruitment.

We need to consider the effect this recruitment could have on morale at a time of diminishing promotion prospects, and I know you share this concern. I have therefore looked at ways in which this might be avoided or lessened. For this reason I have put aside for now the option of a conventional generalist Principal competition of the sort that was held during the 1970s. Instead I propose two small special competitions, one aimed at those with experience in local authorities for Environment and Transport and one aimed at industry for Trade and Industry where I know Norman Tebbit is keen to tap this source of supply. Other departments would be allowed to opt for one of these. The first competition would be for about

15-18 vacancies and the second for about 10-15 vacancies. This contrasts with 500 promotions to Principal each year, so even the notional effect on promotion is small, and the worst of the blockages are, of course, in the grades above this level.

I propose to keep in view the possibility of supplementing these special competitions next year with another in-service competition. This would give a further opportunity for serving staff to prove themselves. Thereafter we might hold occasional special external competitions on the lines of those I have suggested but aimed at different targets in line with developments in the labour market.

This approach should enable us to maintain an adequate Principal supply in the interval until the management development programmes begin to bear fruit in 2 or 3 years time and I would be grateful for your authority to proceed on this basis.

9,

GOWRIE  
7 August 1985

CONFIDENTIAL

file DA



10 DOWNING STREET

*From the Private Secretary*

13 August 1985

PRINCIPAL SHORTAGE

The Prime Minister has seen Lord Gowrie's minute of 7 August. She takes the view that a direct entry competition for Principals should not be held this year.

The Prime Minister noted that one of the causes of the "morale" problem seems to be that there are too many good people at Principal level, chasing too few jobs further up the scale, and she finds it difficult to believe that the talents of all these people are currently fully utilised. She has also noted that the numbers being sought are very small, by comparison with the 500 promotions to Principal each year; she is therefore doubtful that an expensive external recruitment competition is necessary. Finally, she believes an external competition could damage morale at Principal level where, to the extent that there is a morale problem, it is perhaps most evident.

I am sending a copy of this letter to Richard Hatfield (Cabinet Office).

MARK ADDISON

Paul Thomas, Esq.,  
Management and Personnel Office

CONFIDENTIAL