

Prime Minister:

You agreed to this before the Election. Approved Written Answer?

PRIME MINISTER

Yes not

DF
8/7

PERSONNEL WORK: MPO'S PRIORITIES

On 29 March Janet Young, in her then capacity as Lord Privy Seal, minuted you about her proposals for the MPO's immediate priorities on personnel work and also sent you a copy of a report on the subject resulting from an interdepartmental review conducted under the direction of John Cassels. The intention was to publish the report and the priorities as soon as the necessary arrangements for printing and so on could be completed. Your private secretary recorded your approval of the proposals in a letter of 11 April but in the event the Election intervened and held up action.

*Not yet
sent up.*

The purpose of this minute is to let you know that I now intend to go public on these matters in mid July - by means of an answer to a written parliamentary question - and simultaneously to make the material available to the Treasury and Civil Service Select Committee. The nine Departments who took part in the Review of Personnel work would also release their Departmental reports on the same day. I attach a draft of the statement I propose to make which will be the vehicle for setting out our priorities.

The priorities do not of course derive solely from the review of personnel work and I have considered whether there is other background material which we could usefully make available at the time of the statement. In particular I have considered whether we might release a review of management development in the 1980s produced in the MPO earlier in the year and dealing with the career development and training of staff destined for senior management posts. The review is a voluminous document designed for internal use and I do not think it is suitable for publication as it stands. We have however produced a summary of its conclusions which could be provided to Parliament and particularly to the Select Committee - and if necessary more widely - and I attach a copy.

Subject to any comments you or colleagues may have, I intend to make the statement embodying our priorities on or soon after 14 July. At the same time I would propose to publish the review of personnel work and to make a summary of the conclusions of the management review available to Parliament.

I am copying this minute to all members of the Cabinet, including those whose Departments took part in the Review of Personnel Work.

Gey

LORD GOWRIE

7 July 1983



COMPTROLLER

8 JUL 1983



DRAFT

WRITTEN ANSWER

PQ ANNOUNCING MPO PERSONNEL PRIORITIES FOR 1983-4 AND THE PUBLICATION OF THE RPW AND FRASER REPORTS

Q. To ask HMG/the Minister for the Civil Service, what progress has been made with the multi-departmental Review of Personnel Work in the Civil Service referred to in the White Paper, "Efficiency and Effectiveness in the Civil Service", Cmnd 8616, and whether they/shewill make a statement.

Proposed answer:

The review has been completed and is being published today. Copies are being placed in the libraries of both Houses as are the reports of the departmental teams who took part in the review. The Government welcomes the report which points the way towards better and more cost-effective personnel work in government departments particularly by clarifying responsibilities for the management of staff and increasing delegation to line managers.

We are also placing in the Libraries of both Houses a summary of the conclusions of a separate internal review of Civil Service Management Development in the 1980s. These reports, as well as other related work in the personnel field, raise a number of important issues for follow-up action. In order to use available resources to the best effect, the Government have decided to concentrate on the following personnel priorities in the coming year:

1. Career Management. We will examine ways to extend existing succession planning arrangements for senior posts, and to improve career management for those likely to get to the top. This will involve more positive career planning, with less frequent job changes/postings and better integrated training policies. We will introduce a new course for those promoted to the Open Structure, to equip them for their role as top managers. Our more general training effort, especially for those concerned with financial management, will be reinforced.

2. Staff Appraisal and Reporting. We will tighten up reporting standards and make the basis of staff assessment more performance orientated through changes both in procedures and the forms used for reporting and appraisal.

3. Performance Related Pay. We shall seek ways of introducing performance related pay into the civil Service in the light of the report of the Inquiry into Civil Service pay and of the Financial Management Initiative which will help identify and define performance criteria.

4. Inefficiency and Poor Performance. We intend to improve the effectiveness of procedures to deal with inefficiency and poor performance, including a review of our early retirement procedures.

5. Unified Grading. We will implement and operate a scheme for unified grading for Civil Service grades down to Assistant Secretary and Senior Principal levels.

The Civil Service Trades Unions will be consulted on the implementation of these proposals.

Send across
to Lord Gowrie's
Office PE 12/7



file

10 DOWNING STREET

From the Private Secretary

11 July, 1983.

Jean Mary,

The Prime Minister has seen Lord Gowrie's minute of 7 July about the MPO's priorities in personnel work. Mrs. Thatcher has agreed that Lord Gowrie may make the statement set out in the enclosure to his minute, as well as publishing the review of personnel work and making a summary of the conclusions of the management review available to Parliament.

I am sending copies of this letter to the Private Secretaries to members of the Cabinet.

Yours sincerely
Tim Flesher

Timothy Flesher

Mrs. Mary Brown,
Office of the Minister for the Arts.

S.P.

**CIVIL SERVICE
MANAGEMENT DEVELOPMENT
IN THE 1980s**

Management and Personnel Office

CIVIL SERVICE MANAGEMENT DEVELOPMENT IN THE 1980s REVIEW BY THE MANAGEMENT AND PERSONNEL OFFICE

INTRODUCTION

1. The Management and Personnel Office (MPO) has recently completed a review of staff development in the Civil Service, focussing particularly on those with the potential to reach the highest positions. Its recommendations cover a number of personnel policy areas including career management and training, succession planning, exchanges with outside industry, and early retirement arrangements. The review's overall aims are to achieve a more professional and outward-looking Service, particularly through improvements in training and posting policies.

Background

2. The Civil Service's personnel management policies need to be adjusted to the management climate of the 1980s:

a. Civil Service numbers have reduced by over 10% in the period since April 1979 with proportionately larger reductions at the most senior levels. A smaller Service must function with maximum efficiency. Other employers too have been reviewing their management development policies and devoting more resources to their "high fliers";

b. the work of Government is becoming more complex, not least because of the accelerating rate of technological change;

c. there is growing political and public interest in the efficiency of the Civil Service. The Government has adopted good management as a policy in its own right. It has launched a Financial Management Initiative* to focus attention on the managerial role of civil servants and to delegate clearly defined management responsibilities down the line. *(one of whose main objectives is*

These factors all reinforce the need to foster increased professionalism in the Civil Service: not only in the possession of formal professional qualifications where relevant, but well developed skills and expertise, firm grounding in the subject matter of the job and appropriate training in management techniques.

Management Development in the Civil Service

3. An effective policy for developing managers is essential for any organisation. A recent McKinsey study of what makes "excellent companies" excellent found that one common feature is that "they give truly overwhelming attention to training and development". Staff development in the Civil Service relies on two main factors: training, and widening work experience by periodic changes of job. Formal training of a broadly developmental nature is undertaken by the Civil Service College and by Departments themselves. Departments also provide formal job-related training for their staff. In addition staff can join courses run outside the Civil Service.

*Announced in the White Paper, "Efficiency and Effectiveness in the Civil Service" (Cmnd 8616).

(including its accountants)

4. Civil Service managers, especially those concerned with policy and administration, normally move from one job to another at the same level to gain experience. Such job changes provide a variety of experience and skills. But the Civil Service also requires these qualities in depth. Moreover, top managers will increasingly be drawn not only from the Administration Group but from a wide range of specialist groups, such as economists, statisticians, scientists and engineers.

5. Against this background the aims of management development in the Civil Service are:

a. to develop, consolidate and use effectively the skills and experience of staff in the performance of current business;

b. to identify talent and build upon it, by providing opportunities to gain appropriate experience and training;

c. to help individuals to assess and develop their own talents and potential and encourage them to participate in their own career development.

The Framework of Development

6. The aims can be simply stated, but the activities of Government are wide ranging and complex. Departments vary considerably in size and responsibility, and so do their staffing needs. What is required is a framework within which each Department can match the deployment and development of staff to its own circumstances and priorities. Necessarily, balances must be struck: for instance between short term posting needs and longer term developmental plans; and between consolidating the professionalism of the career Civil Service and bringing outside experience and perspectives to bear.

CAREER MANAGEMENT AND POSTINGS POLICIES

7. So Departments require flexibility in developing their career management and postings policies within a centrally agreed framework.

Written Policy

8. It is important for all staff to have a written statement of their department's policies on career management and training. This is already the practice in a number of Departments and should be adopted in all. Such statements serve a double purpose of requiring Departments to think clearly through their policy, and of providing staff with a clear idea of where they stand, what they may expect, and what they can do to further their own career development. Each Department's statement should:

a. indicate the types of competence needed in different parts of the Department and at various grading levels, and outline the posting and training patterns which might apply to individuals;

b. state the Department's policy on length of postings, with a move towards a more general minimum period of 3-4 years in post;

c. make clear the value of depth of knowledge and experience in promotion decisions and practices;

- d. clarify the respective responsibilities of personnel managers and line managers for the career management of staff.

Postings Policies for Younger Staff

9. In a career service, younger staff can be tested in a range of jobs during their early years. For those who expect to spend much of their careers in policy work it is desirable to provide some wider experience, for instance in a local office. Opportunities should be taken to build postings of this type into the career plans of staff at Principal level. Conversely, promising staff away from the centre need experience at headquarters. The MPO is encouraging Departments to broaden their postings policies in this way, for example in the recently promulgated guidance to Departments on the career development of Executive Officers.

Specialist Staff

10. The MPO has responsibilities in relation to the management of certain groups of specialist staff, such as economists, statisticians, lawyers, for whom movement between departments is an important element in postings policies. It has recently issued to scientists in the Service a booklet about how they can expect to develop their careers. The MPO will consider extending this approach to other groups - corresponding material is already in preparation for ADP and accountancy staff.

Developing Senior Managers - Succession Planning

11. The Civil Service already has a scheme for identifying and developing those likely to fill the most senior management positions in the Service. Each Department prepares:

- a. annual succession plans for key posts including all posts at Under Secretary level and above;
- b. a career plan for each individual named in the succession plan, showing the experience and training he or she needs;
- c. career plans for staff at Principal level and above who seem likely to rise to the highest levels in the Service.

12. Two specific modifications of this succession planning system are now proposed:

- extending it to other posts where a particular blend of expertise and experience is needed. The MPO will review with Departments the types of posts which might be covered in this way;
- integrating formal training provision more closely into the career plans of potential senior managers (see also paragraph 16).

TRAINING

13. This more structured approach to career management has clear implications for training. The review has concentrated on four specific aspects of training for the future:

- i. financial management training;
- ii. the role of professional qualifications;
- iii. the training of potential senior managers;
- iv. training on selection for the Open Structure (ie the level of Under Secretary and above).

Financial Management Training

14. The White Paper on "Efficiency and Effectiveness in the Civil Service" emphasises the need for more comprehensive financial management training in the Civil Service. The target populations for such training will emerge more clearly from the work proceeding in Departments in response to the Financial Management Initiative, but they already include:

- staff in senior and top management posts - for whom the Senior Finance Course has been designed and is already obligatory for those filling Principal Finance Officer posts;
- staff working in finance divisions or in related activities;
- managers with a specific responsibility and accountability for the control and effective use of resources;
- other staff who need some general understanding of good financial management.

A wide range of formal training is already available in Departments and at the Civil Service College, but more is needed. In particular, close liaison is necessary within Departments to identify the jobs for which particular expertise is needed, and to ensure that training provision matches up to the evolving needs of the Service as a whole. Work remains to be done in developing the Senior Finance Course and ensuring that College and departmental courses effectively complement each other.

Professional Qualifications

15. A study, due to end in late summer 1983, is considering whether more administrators should study at an early stage in their career for qualifications recognised outside the Service. It is already clear that a separate case has to be argued for each qualification and area of work. The study will pay special attention to the potential usefulness of the qualifications of the Institute of Personnel Management in relation to personnel work in the Service. More general issues will include the question whether financial incentive should be offered to staff who work for qualifications.

Training of potential senior managers

16. Two lines of development are proposed. First, extending the succession planning arrangements by establishing checklists of the areas of competence which should be covered (whether by formal training, on-the-job training, secondments or practical in-Service experience) at some stage by those being prepared for different types of senior posts. Such checklists, prepared by Departments and the centre in collaboration, would form the framework for appropriate training programmes. Second, in line with the practice of some outside companies, a quantitative criterion should be introduced for the average amount of training to be undertaken by specified staff each year, eg a minimum of 5 days training a year for Principals below the age of say 35. When an officer reached Assistant Secretary level, the previous pattern of training and experience could be reviewed for any gaps which ought to be filled.

Training on selection for the Open Structure

17. Given the integrated pattern of training and development envisaged above, extra training provision on entry to the Open Structure should concentrate on what is needed as a prelude to top management responsibilities. A course, to include participants from both the public and private sectors, is planned which would introduce participants to tasks for which a more collegiate approach to Civil Service management is required. Each course would last 3 - 4 weeks, repeated perhaps 4 - 6 times annually, with a substantial teaching input from outside the Service.

THE CAREER SERVICE

18. The Civil Service is a career service, ie its staffing policy is primarily based on recruiting people as they leave the education system and retaining them in the Service until they retire. The Civil Service is not alone in this. Most large organisations recruit in a similar way and offer a career to the majority of managerial employees. The career principle in the Civil Service should remain. But an inflow of new people and ideas is also needed. This can be achieved by making a number of temporary or permanent appointments; and by encouraging civil servants to spend time gaining experience in other organisations.

19. There is room too for an expansion of the number of late entry recruits. It is not possible to set a precise quantitative yardstick or target. Factors such as the sharp fall in promotion prospects and the need to keep up the recruitment, retention and motivation of career staff have to be considered. But there is a strong case for resuming permanent recruitment through open competition at Principal level, which has been suspended since 1979. Direct entry at Higher Executive Officer (Development) level is being investigated as a way to bring in younger people of high quality from, for instance commerce, banking and industry who are seeking an early change of job or a return to work after an interruption in their career.

20. In the short term greater use should be made of period appointments for mid-career or first appointments. The MPO will examine whether present Civil Service rules limiting such appointments need revision, whether compensation for lack of job security may require a more attractive package in some areas, and whether changes in the business appointment rules may be needed.

21. Secondments to and from business and commerce as part of career management programmes have doubled in the past 5 years. They should continue to be encouraged, but tailor-made arrangements are essential and Departments are sometimes reluctant to lose their best staff for 2 or 3 years - or possibly for good. Non-executive directorships for civil servants on company boards are a relatively new opportunity for outside experience. Other forms of short term attachments and links with companies are also being investigated.

Early Retirement

22. Pressure to reduce numbers and improve efficiency has already led to changes in retirement provisions and practices. For example, the opportunities to stay on after 60 are now much reduced and Departments are making much more use of widened criteria for premature retirement on limited efficiency and/or structural grounds. A new voluntary early retirement scheme has also just been introduced from 1 April 1983 for an initial six month period.

23. While the current range of retirement provisions now seems adequate to meet management needs in relation to staff at senior levels, the prospective slump in career prospects in the 80s and 90s, hitting particularly severely at those recruited as Administration Trainees, may require further measures to ease middle management promotion blockages. The MPO will be studying the possibilities.

FOLLOW THROUGH

24. The review provides a framework for the future development of career management and training in the Civil Service. It will be primarily for each Department to follow through its recommendations. But the MPO will have a major central role because of its responsibility for the senior management succession planning scheme, for the development of personnel policy and for the provision of central training in the Civil Service College. To a significant extent what is required is a re-direction of existing effort. But if all the recommendations are pursued, extra resources (money and staff) will be needed, particularly in the training field.

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