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not be upgraded
ms.

PRIME MINISTER

CABINET OFFICE: HEAD OF THE EUROPEAN SECRETARIAT

The purpose of this minute is to seek a decision on the upgrading to 2nd Permanent Secretary of the post of Head of the European Secretariat in the Cabinet Office.

The post, which is currently held by Mr Michael Franklin, at Deputy Secretary level, was formerly graded 2nd Permanent Secretary. Sir Robert Armstrong argues that it should return to that level. Under the policies of the present Government the role of the Unit has developed and its responsibilities are now weightier than they have been for some years. The reviews of the Community's budgetary, agricultural, and fisheries policy will, in his view, make heavy demands on the Head of the Unit. More, he believes, even than during the 1974 renegotiation when the Unit was headed by a 2nd Permanent Secretary and a Deputy Secretary. Additionally, in the second half of 1981, there will be the UK Presidency.

Sir Michael Palliser has said he would agree that the post should be upgraded.

In view of the Lord President's responsibilities for manpower cuts, including the Open Structure, and his knowledge of the European scene generally and the UK end of it in particular, I have discussed Sir Robert Armstrong's proposal with him. He did not think that the grading of the post would much affect its status as seen from overseas; what mattered there was how well the incumbent argued the British case. On the other hand, he could see that it would make a difference to its status in the UK. He thought that the forthcoming UK Presidency was also a relevant factor.

As to the record of the Cabinet Office in saving senior posts: Sir Robert has already saved one Deputy Secretary post and he expects to save a second (in the Central Statistical Office) in the coming year. If his request for upgrading this post is granted he will not be retaining a Deputy Secretary post in the European Unit. Nevertheless the record of the Service generally in applying staffing cuts equally to the senior ranks as to the junior is not very good. In your personal minute of 31 March on this subject, you made clear that a very stringent line would be adopted on the question of staffing at senior levels. In particular you said: "all proposals for new posts at this level will be turned down unless the case is both urgent and established up to the hilt."

For myself, I have grave doubts whether the case made by Sir Robert meets the criteria which you have prescribed. If the post were upgraded it would create an unusual structure - a 2nd Permanent Secretary sitting over one Under Secretary, two Assistant Secretaries, and four Principals.

My recommendation would be that the post should remain at Deputy Secretary level.

Should you decide, contrary to this recommendation, that the post should be upgraded I would submit to you separately my recommendation on who should fill it once I have taken the views of my Senior Appointments Selection Committee. (It is quite likely to be Mr Franklin).

IBB

IAN BANCROFT
26 August 1980

III

COMMEMORATIVE

UNITED STATES POSTAGE

26 AUG 1980



010
Ref: A02969

MR. WHITMORE

MANAGEMENT IN CONFIDENCE

Head of the European Secretariat

I understand that Sir Ian Bancroft has submitted to the Prime Minister my proposal that the post of Head of the European Secretariat should be upgraded to Second Permanent Secretary, expressing his own reservations.

2. I understand the reasons for those reservations, and indeed the Prime Minister's reasons for wishing both to reduce numbers at senior levels and to resist grading inflation. I can claim to have made a good contribution to the reduction of numbers, with one Deputy Secretary post gone and another to go shortly (two out of seven); and on my present proposal there would be no increase in numbers, since I should be giving up a third Deputy Secretary post in exchange for the proposed Second Permanent Secretary post.

3. As for the case on merits, I cannot do better than send you the attached copy of the letter I sent to Sir Ian Bancroft. I believe that at this juncture in our relations with the Community, with large problems ahead as well as the United Kingdom Presidency, the role and responsibilities of this post, both in relation to the rest of Whitehall and in relation to our partners and the Community institutions, would amply justify a return to the higher grading.

4. I should take this view irrespective of personalities. But I do also think that Mr. Franklin has done and continues to do a very effective job as Head of the European Secretariat and is qualified on merits for such a promotion, and I should unreservedly want him to continue here to see us through the next two years as Head of the European Secretariat.

5. If Sir Ian Bancroft is reluctant to see the post definitively regraded, I wonder whether the Prime Minister would be prepared to consider an alternative proposition (which I have not discussed with Sir Ian Bancroft), whereby the post would be (as they say) flexibly graded: it would thus be a post which would carry Deputy Secretary rank on appointment, the holder of which would be eligible,

No. it should not
be a P.S.
Post.

Prime Minister.

When you saw Sir Ian Bancroft's submission on this proposal last week and (p. 1), you rejected the case for upgrading Mr Franklin's post. When Sir Robert Armstrong heard of your decision, he asked for an opportunity to put to you succinctly the arguments for making the appointment a 2nd Permanent Secretary one. Hence this minute.

Do you stand by your original decision that the post should remain at Deputy Secretary level? If you think there is anything in the proposal you should discuss it with Sir Ian Bancroft. (12/11)



MANAGEMENT IN CONFIDENCE

not automatically but only if his merits justified it, to be considered for promotion en poste after a certain period. On this basis the post would not be formally regraded, but Mr. Franklin could be considered (and I would recommend him) for personal promotion as a reward for merit.

The trouble with this device is that once Mr Franklin is promoted, it will appear as if he has been promoted externally but his post has in fact been upgraded.

REA

Robert Armstrong

RAA.

CONQUEROR

11th September 1980

12 SEP 1980



CONFIDENTIAL

69





10 DOWNING STREET

From the Principal Private Secretary

SIR IAN BANCROFT

CABINET OFFICE: HEAD OF THE
EUROPEAN SECRETARIAT

The Prime Minister has seen your minute of 26 August 1980.

She has given a good deal of thought to the proposal that the post of Head of the European Secretariat in the Cabinet Office should be upgraded to the level of Second Permanent Secretary. She shares your view that the case for upgrading has not been fully established and she therefore agrees with your recommendation that the post should remain at Deputy Secretary level.

JAW.

15 September 1980



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

HEAD OF THE EUROPEAN SECRETARIAT

The Prime Minister has given very careful consideration to your minute AO2969 of 11 September 1980 about the post of Head of the European Secretariat. She has decided, however, that its grading should remain at its present level of Deputy Secretary. I attach a hidden copy of the minute which I have now sent to Sir Ian Bancroft.

JAW.

15 September 1980

File

CABINET OFFICE	
Ref. A
A02500	
- 1 JUL 1980	
FILING INSTRUCTIONS	
FILE No.

1st July, 1980

About a year ago John Hunt - supported by Michael Palliser - wrote to you floating the proposal that the demands on the Head of the European Secretariat were likely to be such that a good case could be made for reverting to the practice of grading the post at the Second Permanent Secretary level; and he suggested that Michael Franklin should be promoted into it. At that time you had some doubts about whether the case was then sufficiently strong to fully support the move, and you thought it best to defer consideration until we could see how the role of the Unit developed under the new Government and also what my own view would be when I had settled in here.

I have now had a few months to experience and reflect on the matter. There is no doubt in my mind about the continuing need for the European Unit; nor that under the policies pursued by the present Government the role of the Unit has developed and that its responsibilities are now weightier than they have been for some years. In terms of the contribution which the Head of the Unit is required to make, particularly on the strategy level, the situation appears to me to be very different from that which was foreseen at the time of the 1976 Staff Inspection Report to which you referred in your letter of 10th July 1979. We have a Government committed to continuing British membership of the Community. But the Government is also committed to seeking to ensure that that membership is on terms which have as much regard for British interests and requirements as for those of other members; and a Community which is committed to a restructuring of its budgetary and agricultural policies, and to a further enlargement. All this calls for the European Unit not just to be a co-ordinating group but to take a lead in the formulation of the British Government objectives and policies to be pursued in the evolution of the Community.

The demands on the Head of the Unit can thus be expected to grow still further in the coming years. The United Kingdom has just passed through a difficult stage in its relationships with its European partners in achieving the recent budget settlement. But that was essentially a holding operation, and we are now about to engage in a fundamental review of the structure of the budget and of the common agricultural policy. There is also

/the awkward

Sir Ian Bancroft, GCB

SENIOR STAFF - IN CONFIDENCE

the awkward fisheries aspect to be taken into account. We shall thus be in major discussions with our partners for as long as one can foresee on complex issues which will require us to develop our negotiating positions on a number of fronts and carry negotiations on coherently, constructively and toughly. Additionally in the second half of 1981 there will be the problems associated with the United Kingdom assuming the Presidency. I am sure there will be a deep Prime Ministerial involvement in all these developments.

I did not think it right to reopen the grading of Franklin's post until we knew that the budget settlement had been satisfactorily achieved. But now it has; and in my view the time has come to upgrade the post. The job to be done needs the extra status - both here and in Europe - which the Second Permanent Secretary rank will give. The tasks which the Unit now face are greater in scope and formidability than those which were tackled at the time of the renegotiation of entry terms in 1974, when it was headed by a Second Permanent Secretary and a Deputy Secretary. If the top post had remained at the former level we should certainly not be thinking that it should be downgraded now. I do not see myself as being sufficiently available to give the developing situation the degree of exclusive attention it will require from time to time.

I fully appreciate the difficulties in making a case for such a senior upgrading in the present climate; but all staffing and structural changes cannot be in the downwards direction. The Prime Minister recently agreed that we should recast the responsibilities in the Home and Social Affairs area which resulted in the saving of a Deputy Secretary post. There is no question of asking for a Deputy Secretary to support the top post in any regrading in the European Unit. Overall, therefore, the Cabinet Office top hamper would be adjusted by substituting one Second Permanent Secretary for two Deputy Secretaries.

So much for the principle of what the grading of the post should be, and turning now to Michael Franklin's own position. He continues to hold the Prime Minister's full confidence and his background and experience makes him the obvious and ideal person to continue in the top post in the Unit. It was agreed some time ago that he was ready for promotion, and I very much hope that we shall now be able to give it to him.

I have spoken informally to Michael Palliser. He is in wholehearted support of what I am proposing. He agrees that the developments of the past year and the job which now needs to be done all add to the strength of the case for an upgrading; and he assures me that promotion in situ for Michael Franklin would not cause any difficulties vis a vis the Foreign Office.

Perhaps we could have an early word about how you now see the position. In the meantime I have not copied this to the other members of SAS.

ROBERT ARMSTRONG

SENIOR STAFF - IN CONFIDENCE