



Prime Minister

Content that Lord
Gowrie should write round
with this proposal as
proposed at X/?

MINISTER OF STATE, PRIVY COUNCIL OFFICE

FERB

27.7.

PRIME MINISTER

UNIFIED GRADING

You will remember that last year we decided to "unify" Civil Service posts at the Assistant Secretary and Senior Principal level into a single grade structure in order to make the best use of our human resources at these levels. Unification of Grades 4, 5 and 6 accordingly began on 1 January last and good progress has been made. At the same time we said that we would consider extending unified grading down to Principal level.

The process of internal study and discussion by officials has now been completed and, while there are differences of view between Departments, most would now welcome the extension of unified grading to the Principal level and the majority view of both Permanent Secretaries and their Principal Establishment Officers is that we should move to establish the 'new unified Grade 7 from 1 April next. Support is particularly strong from Departments like the Ministry of Defence who face significant, and time consuming, problems in effectively managing staffs of many different professional disciplines - scientists, engineers and administrators - who often work side by side but do so against a background of irritating differences in pay, status and professional demarcation lines.

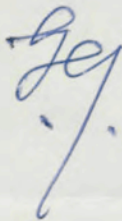
Unified grading of course inevitably means unifying pay and we have had extensive discussions with the Treasury, and departmental managers, on this. The Treasury would be responsible for the actual negotiations (as they were when we unified Grades 4, 5 and 6) and can be expected to come up with the cheapest acceptable solution. It is impossible to be sure of the cost in advance of negotiations but the scenarios we have examined suggest that it might lie in the region of £5 million when the operation is complete and there are possibilities of staging which could reduce this in the first year or so. The bulk of the money is likely to be spent in bringing the pay of scientists and engineers up to the level of their administrative counterparts. Given their interest in the outcome it is to be expected that Departments would absorb much of the cost within existing cash provisions.

If we carry it through this will be a major reform of Civil Service personnel management (bringing about 12,000 staff currently in over a hundred separate grades into a single unified grade); would be a further and clear signal of our determination to press ahead with reform wherever it makes good sense; and would underline the fact that the career prospects of staff would increasingly rest on ability and performance alone.

The change would, I judge, be welcomed by our supporters in Parliament as a considerable step forward to establishing an efficient and effective Civil Service. It would also be very favourably received by the IPCS - one of our biggest and most moderate unions - who have long bitterly resented what they see as discrimination against scientists and engineers in the public service. Other Civil Service unions would be either neutral or opposed - regrettable but at least ensuring that we would not face united opposition on that front.

X The next step is for me to write to colleagues making specific proposals but I thought you would wish to know what is in the wind first. Given the considerable amount of detailed work which will be needed if the 1 April 1985 target date is to be met, I intend to write around next week with a view to a decision and an announcement by early September.

I am copying this minute to the Chancellor of the Exchequer and to Sir Robert Armstrong.



LORD GOWRIE

27 July 1984



he vs

10 DOWNING STREET

From the Principal Private Secretary

30 July 1984

Unified Grading

The Prime Minister has seen Lord Gowrie's minute of 27 July on unified grading and is content that he should write round to colleagues making specific proposals on the lines he suggests.

I am copying this letter to David Peretz (HM Treasury) and Sir Robert Armstrong.

E. E. R. BUTLER

Mrs Mary Brown,
Privy Council Office.

A handwritten signature, possibly 'MB', written in dark ink.



CE 110

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

3 August 1984

The Earl of Gowrie PC
Minister of State
Privy Council Office
Room 62/2
Great George Street

Await other responses.

Dear Minister,

UNIFIED GRADING

I have seen your minute of 27 July to the Prime Minister suggesting that you should write to colleagues with specific proposals for the extension of unified grading down to Principal level in the Civil Service.

Last year, you will recall, I expressed some scepticism about the benefits of extending unified grading down to Senior Principal level. I remain sceptical about this further extension. I suspect that many Departments will find that the direct financial cost, as well as the staff resources needed to operate new personnel arrangements, will seem disproportionate in terms of the actual managerial gains.

That said, I would not want to stand out against the extension of unified grading to Principal level if the major employers of scientific, professional and technical staff in the Civil Service believe that it would bring them real benefits. But I believe we should not go further down this road unless there is general acceptance by colleagues that:-

- a. nothing must be said in public until the Civil Service pay negotiations are out of the way. Unified grading is unpopular with the majority of civil servants, as well as with the majority of their unions;
- b. the cost of the exercise must be met from within Departments' existing resources. I

MANAGEMENT IN CONFIDENCE



cannot agree to make new money available for it; and in any event I think it reasonable to expect the Departments who want further unified grading to arrange matters so that they can afford it. On amount, I am asking my officials to ensure a solution costing less than the £5 million per annum mentioned in your minute.

I am copying this letter to the Prime Minister and to Sir Robert Armstrong.

Yours sincerely,

Judith Simpson

NIGEL LAWSON

approved by the Chancellor & signed on his behalf.

CS: Long term a Pg 16