



*u.n.s.*  
*n.b.p.m.*  
*Sub*  
*6/8*

CABINET OFFICE

From the Minister of State

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE

Great George Street  
London SW1P 3AL  
Telephone 01-233 8610

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
LONDON SW1

3 August 1984

*Dear Nigel,*

THE FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

*see Pt 12 at frag.*

Janet Young wrote to your predecessor and colleagues on 21 January 1983 proposing the extension of unified grading in the Civil Service (ie the removal of grading and pay barriers to the most efficient lateral deployment of staff) initially down to Senior Principal level but with the longer term aim of extending unification at least down to Principal level.

Janet's proposals were agreed and the first stage - the introduction of unified grades 4, 5 and 6 - took place on 1 January this year. Good progress has been made in consolidating the new structure and I think we can regard the operation as a successful, and well worthwhile, reform. I was anxious not to lose the momentum of our achievements and my officials have had extensive discussions with the personnel managers of the major employing Departments, and with Permanent Secretaries who have very direct responsibilities for the management, deployment and development of staff at these levels, about the further extension of unification to Principals and their professional equivalents. Although views are not uniform a substantial majority has emerged in favour of the early extension of unified grading to Principal level (with 1 April 1985 as the target date) but against further extension of unified grading below that level.



The most important points are:-

(i) our objective is, and must continue to be, to increase the efficiency and effectiveness of the Civil Service as it reduces its size. Especially at the more senior levels, we must get the right people into the jobs for which they are best fitted irrespective of their formal occupational groupings or recruitment backgrounds. The extension of unified grading to Principal level would make this easier and give us additional early opportunities, going beyond the range of our present capability, of developing the potential of senior management candidates by giving them wider experience at a crucial and formative stage of their careers.

(ii) unification would bring about 12,000 staff currently in over 100 separate grades, many with different rates of pay, into a single unified grade. It would be a further clear signal of our determination to press ahead with reform wherever it serves administrative needs and helps to improve the quality of the service. Staff would increasingly recognise that ability and performance alone governed their career prospects.

(iii) the removal of artificial class barriers at Principal level would overcome the time and resource-consuming difficulties inherent in the present rather cumbersome arrangements for interchange between staff groups.

(iv) it would remove, in a way which at the same time offered positive management benefits, the long-standing and sometimes acute sense of grievance felt by professional and scientific staff about the relative pay advantage of administrators. It is, of course, always difficult to estimate the effect of such perceived discrimination, but the payment at different rates of individuals who may be working closely together in multi-disciplinary terms or even doing the same work (in, for example, the Science and P&T Groups) has undoubtedly had an adverse effect on morale and motivation.

The unified Principal level grade (Grade 7) would initially be based on a "core" consisting of the three main categories (Administration, Professional and Technology, and Science), together with such other general service and departmental groups and classes as management considerations suggest can readily be included. Residual problems could be mopped up later.



MANAGEMENT IN CONFIDENCE

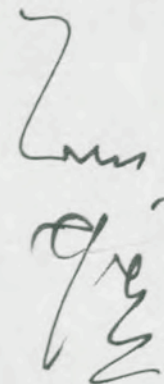
Unified grading necessarily requires unified pay, and the alignment of pay rates, including the terms of assimilation for staff entering the new grade, are of course essentially matters for you to negotiate with the unions. I understand however that talks between our officials suggest that full year costs, when the operation is complete, could be under £5 million. The cost in 1985/86 might be considerably less than this if we decided to phase in the new arrangements. It is for you to advise on how the costs should be met but, given the possibility of phasing and the advantages to be gained, I would expect Departments to be willing to absorb the extra costs within existing cash provisions, and this is no doubt what you will look for.

We will need to consult the unions in depth, not only on the pay consequential, but on the detailed arrangements for unification. When we do so we can expect reactions similar to those we encountered in creating Grades 4, 5 and 6. The IPCS will be strongly in favour of our proposals, the SCPS will oppose them and the FDA will haver. Realistically there is little likelihood of reaching agreement with the unions collectively on the central issues and we may well need to consider imposing the new arrangements. This prospect need not daunt us so long as we are careful about the pay arrangements we propose - and engage in a full and genuine consultation process.

To sum up we are committed to examining the case for extending unified grading to Principal and equivalent levels and there is considerable Parliamentary interest in the matter. I now invite my colleagues to agree that we should embark on this major reform with a view to adding a new unified Grade 7 to the Open Structure in April 1985. Given the amount of work needed to bring the project to fruition I would hope that we could announce our intentions at the latest by the first week of September - subject to reconsideration nearer the time in the light of the position on the current Civil Service pay negotiations.

I am copying this letter to the Prime Minister, to other members of the Cabinet, to Sir Robert Armstrong and to Sir Robin Ibbs.

LORD GOWRIE





CIVIL SERVICE : L-T. #16

6 AUG 1984





CEN 10



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD  
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

MANAGEMENT - IN CONFIDENCE

The Rt Hon The Earl of Gowrie  
Chancellor of the Duchy of Lancaster  
Management & Personnel Office  
Great George Street  
LONDON  
SW1P 3AL

17 September 1984

*nb pm  
JMS  
17/9*

FURTHER EXTENSION OF UNITED GRADING IN THE CIVIL SERVICE

I should like to add my voice to those of my colleagues who have written to you to support the extension of unified grading in the Civil Service at Principal level proposed in your letter of 3 August.

There will be undoubted advantages here since this Department have a very wide range of grades at this level. Unification should improve and make more efficient our personnel management of these grades. It should also contribute to a better working atmosphere by removing some long-standing grievances on equity amongst the professional and technical staff.

Although the timetable you propose is a very tight one, there is a lot to be gained by continuing the momentum that was generated by the extension of unified grading down to Grade 6 as from the beginning of this year. The existing pay arrangements for the grades involved in this further step are complex and equalisation problems will not easily be solved. There are particular problems with aligning pay scales of some of our departmental grades. Nevertheless, I believe it will be well worth while going ahead and doing so as quickly as possible. I therefore support your proposed starting date of 1 April 1985.

I am copying this letter to the Prime Minister, to other members of the Cabinet, to Sir Robert Armstrong and to Sir Robin Ibbs.

MICHAEL JOPLING



CIVIL SERVICE : LONG TERM : PE 16.

17 SEP 1984



*Handwritten notes:*  
17/9/84  
PE 16



MANAGEMENT IN CONFIDENCE



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Lord Gowrie  
Minister of State  
Management and Personnel Office  
Great George Street  
London SW1P 3AL

*pa ends 17/9*

*Prime Minister (2)*

*To note Sir Keith's  
wishes about the Research  
Councils. We will show  
you Lord Gowrie's reply.*

*14* September 1984 *ends 14/9*

*Dear Guy,*

FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

The implications of your proposals for DES would be limited but I am worried about the position of the Research Councils. Their pay and conditions are tied to those of the Civil Service, so if we adopted unified grading at Principal level they would be bound to follow. The Government gave an undertaking when the Research Councils were established that their staff's terms and conditions of service would be "substantially" aligned with Civil Service conditions. This commitment was made in the House by the then Education Secretary on two occasions in 1964 and 1965. It means in effect that neither we nor the Research Councils would be able to resist the pressure from the Councils' staff for unified grading down to Principal level to be extended to them. The Councils employ some 1200 PSOs and while the total cost to them of unified grading at Principal level would depend on the precise form of the new arrangements, we calculate that it could be as much as £2m a year.

I am already concerned that various significant extra burdens are eating away at the science budget and undermining our policy of protecting the science base. I have raised this issue already with Treasury Ministers and it underlies several of my PES bids this year. I am therefore reluctant to agree to a development which, although perhaps desirable on other grounds, will undoubtedly add to these burdens. I see from Nigel Lawson's letter of 8 August that he expects Departments to absorb the extra costs, and while I could accept this for DES I cannot do so for the Research Councils.

I must therefore oppose the proposed extension of unified grading at the present time. I note that the Chancellor has also expressed scepticism about whether the benefits would be worth the costs involved within the Civil Service. I would not object, however,

MANAGEMENT IN CONFIDENCE



to officials being invited to look further at the potential benefits and the financial implications of the various different options for extending unified grading with a view to our reconsidering the matter in say a year's time. Even then, however, I may have to reserve my position so far as the Research Councils are concerned.

I am copying this letter to the Prime Minister, to other members of the Cabinet, Sir Robert Armstrong and Sir Robin Ibbs.

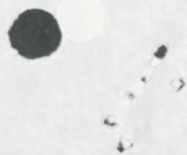
*Encom.*

*Kear*



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FROM:

THE RT. HON. LORD HAILSHAM OF ST. MARYLEBONE, C.H., F.R.S., D.C.L.



HOUSE OF LORDS,  
SW1A 0PW

10th September 1984

Management in Confidence

The Right Honourable  
The Earl of Gowrie,  
Privy Council Office,  
Whitehall,  
London,  
SW1.

*nbpun  
ans  
12/9*

*My dear Grey:*

The Further Extension of Unified Grading in the Civil Service

Thank you for sending me a copy of your letter of 3rd August to Nigel Lawson. I agree that we should extend unified grading down to Principal level. The arguments in favour appear to be conclusive.

It is very desirable, if the fruits of the exercise are to be realised in my Department, that the legal group should be included in the arrangements. I know that some restructuring of the junior legal grades has to be undertaken to make a better fit with the administrative grades. I understand that this is under way and, when it has been completed, I ~~w~~ould like to take advantage of the benefits which you set out in your letter.

*Yours:*

Copies of this letter go to the Prime Minister, other members of the Cabinet, Sir Robert Armstrong and Sir Robin Ibbs.





**DEPARTMENT OF HEALTH AND SOCIAL SECURITY**

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

G.T.N. 2915

*From the Minister of State for Social Security*

Lord Gowrie  
Minister of State  
Management and Personnel Office  
Great George Street  
LONDON  
SW1P 3AL

31 August 1984

*Johns  
4/9*

*De Grey,*

THE FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

In Norman Fowler's absence I am replying to your letter of 3 August to the Chancellor.

We are content that we should go forward towards extending unified grading to Principal and equivalent levels with a target of April 1985. The impact on this Department is likely to be small in terms of any increase in the small but nevertheless steady trickle of professionals who have moved into administrative Principal posts in recent years; but we accept that lateral transfers at this important development level will be simpler to accomplish with unified grading, and we appreciate that the benefits in some other Departments may be greater than in DHSS.

Unified pay will be welcome as it will benefit the Professional and Technical and Science Groups, improve morale and possibly help to ease recruitment problems.

We agree that it will be important to have genuine central consultations with the unions, though realistically there may not be much prospect of reaching collective agreement. We have not been able to make much progress with the DHSS Trade Union Side on discussion of the detailed procedures for implementing unified grading down to Grade 6 and we can expect the unions to be even more sharply divided over extension to Grade 7. Given these difficulties the timetable is tight and settlement of the pay arrangements will be crucial.

I am copying this letter to the Prime Minister, to other members of the Cabinet, to Sir Robert Armstrong and to Sir Robin Ibbs.

*all good wishes  
Y  
RUE*

DR RHODES BOYSON





QUEEN ANNE'S GATE  
LONDON SW1H 9AT

29 August 1984

*Dear General,*

THE FURTHER EXTENSION OF UNIFIED GRADING IN THE  
CIVIL SERVICE

You sent me a copy of your letter of 3 August to the Chancellor of the Exchequer proposing that unified grading should be extended to Principal level from 1 April 1985.

I am in principle in favour of this proposal. It should help promising staff, especially professionals, to widen their experience and fit themselves for a range of senior posts. But the proposal does involve fairly substantial pay increases for PSOs and PPTOs which may not be all that easy to accommodate within existing cash provision. For that reason, if for no other, it may be unrealistic to think in terms of having the scheme fully in operation by 1 April next year.

*Dr  
22/8*

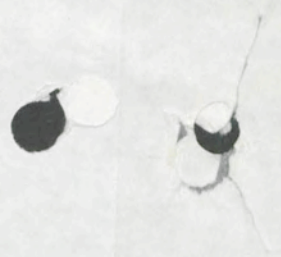
I am copying this letter to the recipients of yours.

*Yours,  
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G*

The Earl of Gowrie



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29 AUG 1984





NEW ST. ANDREWS HOUSE  
ST. JAMES CENTRE  
EDINBURGH EH1 3SX

MANAGEMENT - IN CONFIDENCE

Rt Hon Lord Gowrie  
Minister of State  
Management and Personnel Office  
Great George Street  
LONDON  
SW1P 3AL

28<sup>th</sup> August 1984

N 276x

Dear Gary,

THE EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

I am responding to your letter of 3<sup>rd</sup> August to Nigel Lawson about the extension of unified grading to Principal level.

In Scottish Office terms, the disadvantages of further extending unified grading now outweigh the advantages. So far the benefits of unified grading to Senior Principal level have been very small in the Scottish Office and we are still faced with many time-consuming residual problems in assimilating all the professional and technical grades. We would rather have been given time to complete the work remaining on grades 4-6 and let the new arrangements settle in a little before moving on to the next stage.

I am conscious, however, that such changes must be carried out on a Service-wide basis and that other and larger Departments strongly favour the timing you propose. If colleagues support your proposal for 1 April 1985, I am willing to go along with it. But I am very disappointed to see that you - and, as expected, Treasury - assume that the extra cost will be met within existing provision. We have a very much higher than average share of those in the grades affected and the cost could, I am told, mean a further arbitrary and damaging staff cut.

I am copying this letter to the Prime Minister, to other members of the Cabinet, to Sir Robert Armstrong and to Sir Robin Ibbs.

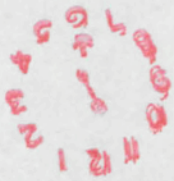
Yours sincerely,

Camp



CIVIL SERVICE L-7

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30 AUG 1984





SECRETARY OF STATE  
FOR  
NORTHERN IRELAND

AND

NORTHERN IRELAND OFFICE  
WHITEHALL  
LONDON SW1A 2AZ

Lord Gowrie  
Minister of State  
Cabinet Office  
Management and Personnel Office  
Great George Street  
London SW1P 3AL

24 August 1984

*Dear Sir*  
*UNIFIED GRADINGS?*

*WJM*  
*N*  
*27/8*

Although your proposals do not extend to the Northern Ireland Civil Service that Service in view of the pay implications will follow the Home Civil Service on this issue in order to maintain pay parity. Unlike the Home Civil Service component of the Northern Ireland Office which will not really be affected by these changes there is likely to be considerable impact on the Northern Ireland Civil Service which has a significant number of staff in the grades involved. The view of the Northern Ireland Civil Service is that while pay alignment at this level will be welcome it envisages practical difficulties in achieving the timetable which has been proposed. However perhaps when you are in a position to put forward precise proposals we will be in a better position to gauge the impact of the proposed change.

I am copying this letter to the Prime Minister, other members of the Cabinet, Sir Robert Armstrong and Sir Robin Ibbs.

*WJM*



23 AUG 1984

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DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5144

GTN 215 .....

(Switchboard) 215 7877

From the Minister for Trade

MANAGEMENT IN CONFIDENCE

The Rt Hon Lord Gowrie  
Minister of State  
Cabinet Office  
Great George Street  
LONDON  
SW1P 3AL

24 August 1984

*Norman Tebbit*

*NB/TM  
OK  
24/8*

THE FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

In your letter of 3 August to Nigel Lawson you sought the agreement of colleagues to the proposal to extend unified grading down to and including Principal level, with effect from 1 April 1985. I am replying in Norman Tebbit's absence on leave.

I was in favour of the adoption of unified grading down to the Senior Principal level and I support also its extension to include the Principal and related grades. Within my Department, the additional freedom this will give in the deployment of staff at the key level of Principal will be particularly valuable. The reduction in grades, to which you have drawn attention, should also be especially advantageous in simplifying the management of the Civil Service. Finally, this extension of unified grading would remove the anomaly which has been particularly damaging to the morale and motivation of scientific and technical staff, who in certain areas have been interchangeable with Principals, but have been paid at significantly lower rates. In all these ways your proposals should help to achieve a further improvement in the efficiency of the Civil Service.

The timetable you propose is a tight one since there is a good deal of work still to be done. However, I think it is important to maintain the momentum generated by the adoption of unified grading down to Grade 6 with effect from 1 January 1984. I support therefore your proposed implementation date of 1 April 1985.





MANAGEMENT IN CONFIDENCE

I am copying this letter to the Prime Minister, to other members of the Cabinet, to Sir Robert Armstrong and to Sir Robin Ibbs.

*Yours,*

PAUL CHANNON

*Paul*



Y SWYDDFA GYMREIG  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-233 3000 (Switsfwrdd)  
01-233 (Llinell Union)  
6106  
Oddi wrth Ysgrifennydd Gwladol Cymru



NPB.M. Duty Clerk  
APT 24/8

WELSH OFFICE  
GWYDYR HOUSE  
WHITEHALL LONDON SW1A 2ER  
Tel. 01-233 3000 (Switchboard)  
01-233 (Direct Line)  
6106  
From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

MANAGEMENT IN CONFIDENCE

24 August 1984

*See Lord Gowrie*

UNIFIED GRADING

Thank you for your letter of 3 August.

In principle I agree that unified grading should be extended to Principal level. However, the timing of the announcement will need some care as perhaps it would be advantageous to have the pay issue out of the way, one way or another, before a further hassle with the unions and in particular the SCPS, takes place. The SCPS have, I understand made it plain that they would, albeit reluctantly, go along with Unified Grading to Grades 5 and 6 but that they would contest extending it to the Principal grade. If industrial action takes place over the pay issue departments may find it difficult to meet the timetable for this further extension by 1 April next year.

As for costs my Department may have difficulty in finding the extra resource from within present cash limits but no doubt my officials will discuss these issues with Treasury officials once the details are clearer.

I am copying this letter to the Prime Minister, other members of the Cabinet, Sir Robert Armstrong and Sir Robin Ibbs.

*Yours sincerely*  
*Nigel Lawson*

Approved by the Secretary of State  
and signed in his absence

The Earl of Gowrie  
Minister of State



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cc/no



Department of the Environment  
2 Marsham Street London SW1P 3EB  
Telephone 01-212 7601

Minister for Housing and Construction

NBPM  
K

*Mr. Grey*

My Ref: J/PSO/16039/84

22 AUG 84

THE FURTHER EXTENSION OF UNIFIED GRADING IN THE CIVIL SERVICE

In your letter of 3 August to Nigel Lawson, you invited Patrick Jenkin's agreement to these proposals. I have seen Nigel's reply of 8 August. *-? will request*

I am sure it is right to press on with the extension of unified grading to Principal level without delay. The further removal of the barriers associated with occupational labels will assist Management by enabling it to make the best use of available staff, without cumbersome procedures. It will also help to foster a better working atmosphere where members of different occupational groups work closely together on comparable tasks, by removing the bad feeling caused by the substantial differentials between pay scales. In addition, it will broaden the scope for bringing on officers of high potential who need experience outside their own occupational field.

I hope very much that we can maintain the momentum by proceeding with the extension of unified grading within the timescale you suggest. Implementation will not be without its problems, but delay will not remove them.

I am copying this letter to the Prime Minister, to other members of the Cabinet, to Sir Robert Armstrong and to Sir Robin Ibbs.

*[Handwritten signature]*

IAN GOW

The Rt Hon The Earl of Gowrie



CIVIL SERVICE  
LT. #16

22 AUG 1984






 MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB
 CFO
NB PM

TELEPHONE 01-218 9000

DIRECT DIALING 01-218 2111/3

JRM
WJ8

MO 20/11/6

9th August 1984

*De Nigel*

Grey Gowrie sent me a copy of his letter to you on this subject dated 3rd August.

For the reasons he sets out in his letter I strongly support his proposals. We employ a substantial proportion of the Science and Professional and Technology groups in the Civil Service who will be affected by this proposal and I am convinced that it will bring substantial benefits. Although there may be some union resistance, I believe that this will mainly have the tactical aim of achieving the best available terms. I do not think that there will be any serious or long lasting opposition in principle to the changes we are proposing to make.

I also strongly support the aim of announcing our intentions at the latest by the first week in September. This is likely to be a good moment for the Government to be seen to be introducing an enlightened reform into the Civil Service.

I am sending copies of this letter to the Prime Minister, to other members of the Cabinet, to Sir Robert Armstrong and to Sir Robin Ibbs.

*yours*

Michael Heseltine

The Rt Hon Nigel Lawson MP



Civil  
Service  
L. T. McCh

