



for PES files.

FCS/87/183

CHANCELLOR OF THE EXCHEQUER

Public Expenditure Survey:
Conditions of Service of the Diplomatic Service

1. John Major took a tough line on this subject in his letter of 4 August about our PES bilateral on 15 September. I can, of course, understand why he should do so. But, since I believe that the long term effectiveness of the Diplomatic Service in a deteriorating world environment is under threat, I feel obliged to come back to you once again on this subject outside the formal PES context. I will, of course, be prepared to discuss the matter with John Major at our bilateral on 15 September.

2. May I remind you of the essentials? As an employer, we have to take account of the dangers and serious discomforts DS staff face overseas. The threat to staff in Beirut, Baghdad and Kabul; the Chaplin case; physical violence and crime in posts as far apart as Kampala, Bogota, Georgetown and Lagos are the most extreme examples. At the same time, the deteriorating living environment in capitals south of the Sahara (Accra, Luanda, Maputo) and the spread of pollution in Central and Latin America expose staff to health problems. Yet apart from the special rate of DPA we offer to staff in some of these capitals, the best



compensation we offer our most junior single staff is
£630 a year.

3. That is why I have put to you my DPA proposals. I also want to provide regular leave from distant posts, for straight efficiency reasons. But I believe we need to do still more to keep the Diplomatic Service operating effectively in the 1990s.

4. I should explain again why the DS has such special needs, which differ fundamentally from those of members of the Home Civil Service (HCS) abroad. The DS is only a minority of UK Government servants overseas. But HCS staff are mainly grouped in large concentrations (with facilities to match) in comfortable OECD posts and in Cyprus and Hong Kong. DS staff, on the other hand, are scattered in 207 posts worldwide, many of them facing the deteriorating security, health and economic conditions I have described above. My people have a career-long mobility obligation. They cannot pick and choose their overseas postings like the HCS. Nor can their spouses pursue their own careers: this is a factor which is coming increasingly to the fore and may cause serious management problems in the next few years. Spouses' incomes are often a key element in allowing officers to continue in the public service at present pay levels. The DS is also fundamentally dissimilar from private sector employers, the majority of whose representatives



are only at the managerial level and receive substantial incentives in compensation for arduous circumstances. But for the DS the security requirement (in every sense) means that we have to post abroad substantial numbers of junior, low-paid, staff from the UK and on much more economical terms. All staff regularly face acute problems in the dislocation of their family life. This is lessened for those with school-age children by Boarding School Allowances. But there are plenty of other difficulties. If we want to maintain an effective Diplomatic Service in the 1990s, we need to tackle these difficulties now.

5. I therefore thought it would be right to let you have a full summary of a set of much-needed improvements before the PES bilateral, together with an indication of the predicted annual cost. The individual proposals are modest though their cumulative effect would be important. The cost would be of the order of £2.75 million per annum.

6. The next question is where the modest sums which are needed can come from. You and John Major will no doubt ask why the FCO cannot find the money through efficiency savings. We have managed by that route so far and are continuing to look for new savings. In their correspondence on DPA improvements and recreational journeys, my officials have indicated that they believe



they can probably find the necessary finance from further efficiency savings. But because our resources have been squeezed steadily over the years, because 80% of Diplomatic Wing expenditure is manpower-related, and because I am not prepared to cut down important activities like consular protection or commercial work, we certainly could not cover the entire package from such savings.

7. There is no sign that local conditions in which our staff work overseas, and especially in the Third World, are likely to improve. On the contrary, they are going to become yet more difficult. Members of the DS will increasingly be serving their country in circumstances which are wholly different from those in which Home Civil Servants work. I do not want to delay improvements in conditions until our inability to recruit and retain junior staff has led to irreversible demoralisation of staff spread thinly throughout the world in small units. Even though it may be difficult to do enough now about basic pay for our staff, there is a good deal we can act on in terms of conditions overseas. By overall public spending standards, the sums are not large and they can be applied to a discrete and limited area where there is a demonstrable need.



8. The old fallacy that all Civil Servants are working in the same environment and must serve on identical terms has rightly been rejected. I believe that the DS, and especially the junior grades posted in the Third World, are a special case and should be treated as such. Hence the marker that I put down in my bidding minute for next year's PES. But if John Major "cannot accept any prior charge on a future Survey" then I must raise it now as a matter of urgency.

9. I am copying this minute to the Prime Minister and to John Major.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
10 September 1987

CONFIDENTIAL



ANNEX

1. Difficult Post Allowance

FCO officials have already given the Treasury details on this following my 9 July minute. The total cost of the package is £650,000.

2. Leave Journeys

Similarly, you have the details of my idea of extending to distant posts the Recreational Journey Scheme. That will cost £80,000. For efficiency and morale reasons staff in distant posts, with expensive air fares, need to return to Britain more frequently than once in 2 - 2½ years as at present. In the 1980s, we should no longer be leaving our staff out of direct contact with developments at home for such long periods. Nor, having kept staff abroad for so long, can we operate efficiently if they are then absent with accrued leave for three - four months.

3. Breather Visits

As well as compensating staff through better Difficult Post Allowance for the disagreeable and dangerous circumstances in which they have to work and live with their families, we need to provide them the relief of a few days away from the tense and difficult environment of the post, either in Britain or the region. To do this, at the most difficult posts we have, would cost £375,000.



4. Nursery Education

We should be ready to meet the cost of nursery education overseas for four-year olds. The idea has been put to your officials, but rejected. We need to look at it again. Nursery education is in practice widely available to four-year olds in this country, either from Local Authority schools or low cost private provision. But it is an expensive luxury in most of the capital cities in which DS officers serve. Mother and child need the support and stimulation which a school provides when they are thrust into a strange and often difficult social and climatic environment. The cost would be a modest £50,000.

5. 18-21 Year Old Children

Currently we only provide one journey to post a year for families to be reunited with children of this age. The provision is only for children undergoing further education: the unemployed or those undergoing vocational training (eg the wide variety of youth training schemes the Government are now promoting) are excluded. To increase the journeys to two per annum and extend it to all unmarried children up to the age of 21 not in regular employment would cost around £80,000.



6. Start-Up Costs

We have to post a large number of junior and low paid staff to all our posts overseas - Security Officers, Secretaries and Clerical Officers. Many of these, particularly in the latter two categories, are young and setting up home overseas for the first time. It is, of course, an enormous help for them to have accommodation provided. But, at the same time, they face a considerable initial capital outlay for household equipment, consumer durables, a car etc. This expenditure is an increasing burden, particularly given their low basic salaries, and our Outfit Allowances to cover these start-up costs need to be improved. The cost would be £100,000.

7. Medical Facilities

The collapsing infrastructure in Africa, the spread of AIDS, the uncontrolled growth of pollution in sprawling Latin American capitals all mean that our staff, especially those with young families, are exposed to quite unacceptable personal risks in terms of medical care. One of the principles on which the Government formulates its approach to conditions of service for staff overseas is the assurance of not depriving them of the same rights and facilities to which they would be entitled if they were to remain in Britain. This we are not able to do adequately over medical care. We need to



employ more doctors; enable them to travel more frequently to posts where there is inadequate local treatment; set up more "clean-bed" facilities; do more screening; and possibly establish one or more regional medical centres in Africa. To do this would cost between £350,000 and £400,000.

8. Supplements for Junior Staff

We have in recent years pared away at the size of our Missions and have increased the workload and diversified the skills of our junior staff. Our Secretaries and Clerks are no longer single skill employees. Secretaries double up on clerical work and collation of basic political and economic information. Clerical officers take on communications work, escort and duty officer duties. This is as it should be. It represents enhanced efficiency and job satisfaction. Yet they are not eligible for overtime payments overseas and receive no additional compensation for the wide-ranging demands which we place upon them. Nor do they receive any financial support for the representational position they find themselves in. They may be junior staff in our eyes. But they are representative of the UK in the eyes of the residents of countries where they are serving. We need to recognise all these factors by paying them a



supplement analogous to the Representational supplement paid to more senior staff. This would cost in the region of £1m, but would be an important recognition of the enhanced role played by this category of staff.