

From  
THE CHAIRMAN OF THE PARTY  
The Rt. Hon. The Lord Thorneycroft

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PT/EMS

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Dear Margaret

I enclose a paper on "Central Office after the General Election", setting out some thoughts which I hope you will find useful as you consider the future of Central Office and the Research Department.

The paper contains some fairly severe criticisms of aspects of the organisation. These are I believe justified. There is, however, much that is sound and which can be built upon satisfactorily. The professional staff of the Party for the most part do their very best. The changes that are needed are such as will enable their devotion and hard work to achieve better results.

The paper and the fact of its existence have, of course, been kept strictly confidential, and I imagine you will wish to discuss it only with close colleagues. When you are ready Janet Young and I would be glad to discuss these questions with you.

Yours,  
*J. Young*

Rt Hon Margaret Thatcher MP

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SECRET

CENTRAL OFFICE AFTER THE GENERAL ELECTION

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ATH/CMA

26th March, 1979.

1. Introduction

This paper puts forward suggestions to assist the Leader of the Party in any decisions she may make concerning the future of Central Office. It deals with matters central to the successful organisation of the Party and critical to the exercise of the Leader's authority within it.

The paper only touches on the Scottish Central Office and Party organisation. Although following the Fairgrieve Report these have been formally amalgamated with the rest of the Party organisation, they present distinctive characteristics and distinctive problems which require full consideration elsewhere.

Direct Elections to the European Assembly have added a further dimension to the responsibilities of Central Office. Again, this is a subject better dealt with separately at this stage.

2. The Role of Central Office

The overall purposes of Central Office are to serve the Leader of the Party in fostering a Conservative political culture in Britain, maintaining a favourable image for the Party and ensuring that the Party secures the maximum number of votes at elections. Whether the Party is in Opposition or in Government these remain its primary purposes, and to these ends Central Office (including the Research Department) should:

- (i) Contribute to the development and propagation of Conservative thinking.
- (ii) Assist in policy formation, particularly when the Party is in Opposition.
- (iii) Assist in the evolution and implementation of strategy and tactics.
- (iv) Maintain good understanding and co-ordination between the various arms of the Party - Parliamentary, Local Government, Professional, Voluntary.
- (v) Anticipate, create and exploit opportunities for publicity in the media.
- (vi) Recruit capable agents, train them and deploy them.
- (vii) Channel resources to critical seats and critical voters.
- (viii) Ensure that the Conservative Party remains a national Party, with a worthwhile presence in every geographical area and every section of the electorate.
- (ix) Ensure that good potential leaders are recruited and brought forward at all levels in the voluntary Party.
- (x) Recruit able potential candidates for Council and Parliamentary service.
- (xi) Provide a variety of training services.
- (xii) Provide information and briefing to MPs, Councillors, Candidates, Agents and the voluntary Party.

3. Historical and Recent Background

(i) The Party Chairman

The Chairman of the Party is appointed by the Leader to run Central Office on the Leader's behalf. His influence and power derive above all from the authority invested in him by the Leader, as well as of course from his personal standing and abilities, and from the traditions established by distinguished predecessors.

It should be recognised that the Party Chairman's formal powers are quite narrowly circumscribed. The Party in the country consists of separate, self-governing associations electing their own officers. Constituency Agents are employed by the Associations and cannot be obliged to accept instructions from Central Office. Centrally, the Research Department has had its own Chairman since the War and has guarded at least a semi-independence. The Party Treasurer and his Department within 32 Smith Square are not formally answerable to the Chairman.

The Chairman is, however, expected to give a lead to the Party in the country. He is expected to combine the role of enthusing the Party's troops and raising their confidence with that of giving direction to the amorphous conglomeration of interests that makes up the Party organisation.

After the War Lord Woolton, as Chairman, rebuilt the Party organisation. His experience, skill and reputation derived from established success in business, administration and politics, so that he was well able to match the unusual combination of demands that are placed upon the Party Chairman.

Lord Woolton had one further advantage: he remained Chairman for nine years. The twenty years after 1955 then saw twelve changes of Chairmanship. Since Lord Woolton, with the exception of the present incumbent, no Chairman has held office for as long as three years.

(ii) The Agents

Traditionally, the Party Chairman relied upon the Chief Agent or General Director, as he came to be called, to be his Chief Executive. At the end of Lord Woolton's Chairmanship in 1955, the whole of Central Office, with the exception of CPC, was directly administered by the Organisation Department under the General Director. With one or two exceptions, such as the Chief Publicity Officer, the senior executives were Agents. The channel of communications to the Area Offices was exclusively through the Organisation Department.

Since 1955 the position of the professional Agent at Central Office has declined. In 1957 the post of Deputy Chairman was created with the intention that the Deputy Chairman should take over much of the responsibility of the General Director. Since then, more non-Agents have been appointed to senior positions. Publicity broke away first, followed by the International Office and Youth. Since 1974 responsibility for the Conservative Trade Unionists and Local Government has also been detached from Organisation.

This process has really been inevitable. The intrusion of politics into every area of life, the impact of television, the development of pressure groups, changing demography and the increasing volatility of the electorate have all thrown immense strains on the Party organisation. The growing sophistication and complexity of political activity have imposed demands of intellect and performance which very few Agents have been able to meet. The educational qualification for entry to the Agents' profession used to be nil and is now only at 'O' level standard. The Agents have never been highly paid. Against this background it has been inevitable that Central Office has had to bring in an increasing proportion of specialists and of higher calibre staff who are not Agents.

The Agents have, however, resented and resisted this development. The Director of Organisation, under pressure from the Agents' profession and supported by important elements in the National Union, has aspired to recover the executive authority removed from him. The training, traditions and professional solidarity of the Agents condition many of them to a sincerely held conviction that the changes of the last twenty years at Central Office have been an aberration and that the old ways are best. The insecurity of the Agents makes them suspicious of their colleagues who are not Agents. The notion lingers quite strongly that executive appointments at Smith Square should be a closed shop reserved for Certificated Agents. Agents are particularly resentful of incursions by MPs into the world of Party organisation.

(iii) The Voluntary Party and the National Union

The voluntary Party for the most part have also failed to adapt to the realities of contemporary political life. With the processes of demographic and social change, the quality of leadership in the voluntary Party, certainly in the urban areas, has deteriorated. This decline manifests itself from time to time at constituency level in the choice of Parliamentary candidates, and at by-elections when whole cupboards of skeletons are uncovered. It has also been apparent in the National Union.

Lacking as they have done any clearly defined and agreed political role, the National Union have tended to substitute internal politics for real politics. Passionate struggles are fought over elections to office and such matters as changes of rules, while the condition of the organisation and the carrying of the Conservative message are neglected.

Notwithstanding their preoccupation with internal matters, the National Union do, however, also aspire to extend their influence over the Area Offices and Central Office, principally by achieving some control over the Central Office budget. They have also sought to have one of their number appointed a Party Treasurer.

Until it was brought to an end by the present Party Chairman in 1976, an arrangement existed whereby the Director of Organisation was also Honorary Secretary to the National Union. The National Union and the Agents were thereby well placed to combine their forces at the expense of the Party Chairman and the Parliamentary Party. Pressure could well revive in the future to restore that link. The National Union share the Agents' resentment of the additional MP Vice-Chairmen who were appointed in 1975, in what they both took to be a "takeover bid" by the Parliamentary Party. Latterly, the National Union have fought vigorously to minimise the influence of MPs in the affairs of the Euro-Constituency Councils.

It would be wrong to exaggerate the ambitions of the National Union. The National Union Executive Committee lacks a power base comparable to the Trade Unions in the Labour Party. Nevertheless, it would also be wrong to ignore the pressures which exist, and which will intensify immediately following the General Election.

Any concessions might encourage the National Union to threaten the independence of the Parliamentary Party in policy-making, action and even in the choice of Leadership. It would undoubtedly set back the improvements in the organisation made over the past four years.

4. Present Problems

Central Office is fortunate to have many hard-working and devoted staff. Effectiveness has improved in most Departments since 1975. Nonetheless, the historical factors outlined above combine to present considerable management problems and certain weaknesses in operation.

The principal weaknesses can perhaps be defined as follows:

- (i) Insufficiently powerful central direction, resulting in:
  - a) Difficulty in establishing priorities at all levels in the Party Organisation.
  - b) Difficulty in securing commitment and co-ordination of resources.
  - c) Difficulty in evaluating performance.
  - d) Tendency among senior officials to be excessively concerned with Departmental interests and rivalries.
- (ii) Shortage of money. The Party Treasurer has been successful, despite inflation, in raising money to enable the Party to maintain the organisation inherited in 1975 and to step up activity in certain fields. Control of expenditure has become more disciplined and progress has been made towards economical administration. More, however, needs to be done both to improve fund-raising in the Areas and the constituencies and to eliminate waste. Staff pay and pensions are not adequate. The costs of the modern techniques of politics (such as opinion research, advertising and PPBs) as well as all the ordinary overheads of an organisation are formidable and rising. There are too many areas of political life in the country where the Party does not have an adequate presence, partly due to lack of cash.
- (iii) Shortage of high quality staff and in particular of good long-serving staff at all levels. This arises mainly from our inability to pay competitive salaries. It has undermined the general quality of work, and threatens to become an even more serious problem after the General Election.

The problem also arises from deficiencies in training. Some improvements have recently been made in training, but there is a long way to go before training in the Party matches that given in a good business organisation or a well run modern voluntary organisation. Training has traditionally been the preserve of the Organisation Department. Central Office staff and Constituency Agents are untrained in the techniques of management and office organisation. Agents are jacks of all trades; they receive no in-service training and lack expertise. The first course for Deputy Central Office Agents was held only in 1978, and COAs still receive no training at all for their job. The voluntary Party is for the most part lamentably unprofessional in the ways it sets about its tasks.

- (iv) Failure to make significant headway with the problems of the Agents' profession. Recruitment of Agents has somewhat improved in numbers, but entry qualifications are still low. The average age of the profession remains high and a considerable number of retirements are expected after the General Election so that there will again be a shortage of numbers. The Agents have been continually beset by financial anxiety. They are confused about the real nature of their job in the contemporary world. Central Office has difficulty in communicating and gaining acceptance of even short-term priorities. Following the failure of the central employment scheme no solution has been found to the problem of getting Agents where they are most needed. Many constituencies cannot afford an Agent, and there is little or no incentive for Agents to move from "good" constituencies to critical or difficult ones.
- (v) Failure to stem the decline of important sections of the voluntary Party, particularly the Young Conservatives and the Party in the urban areas.
- (vi) Research Department resources insufficiently harnessed to the efforts of the Party to make an impact outside Westminster. The geographical and institutional gap between 24 Old Queen Street and 32 Smith Square is too often a gap of understanding and co-ordination.
- (vii) A weak Candidates' Department. The future of the Party depends upon drawing able people from a wide range of backgrounds into the House of Commons. For a variety of reasons, some of which lie outside the scope of this report, this has not been happening as it should.

The Vice Chairman for Candidates at present bears the whole burden of preliminary interviewing. He finds himself obliged to sit at the receipt of custom and is too little able to go out and find good people.

Area staff are encouraged to bring forward suitable people for service in Local Government and Parliament as well as Association officers of the kind who will be disposed to select the best candidates. But better results are needed.

## 5. Strengthening the Central Direction

This is the critical necessity if Central Office is to provide a properly effective service to the Leader. The following approach to the problem is suggested:

- (i) The Party Chairman's personal priorities should be to assist the Leader to determine Party strategy and tactics, to exercise strategic control of Central Office and the Party Organisation, and to inspire and rally the voluntary Party.
- (ii) There should be only one Deputy Chairman. He should be unencumbered by other responsibilities and should be in effect Managing Director of Central Office. The Deputy Chairman will need not only political skills but also a high level of management ability. The person appointed should be of such standing as to command high regard from the Party generally. Consideration should be given to making this a paid appointment.

(x) In Government, greater resources will be available for strategic and tactical planning and various arrangements will be possible. Central Office and the Research Department should however make a contribution, complementary to the contributions that will presumably be made by the Cabinet Office and perhaps by the CPRS and the Policy Unit at Number Ten.

There is a case for retaining the Strategy and Tactics Committee, with its present composition representing the major elements and interests in the Party. It could be a valuable agency for maintaining understanding between a Conservative Government and the Party and for placing the resources of the whole Party readily at the disposal of the Leader.

The Director of the Research Department might be Secretary to the Strategy and Tactics Committee and the whole Research Department could provide a Secretariat for it. The Research Department would be responsible in this context for the Party's programme of opinion research.

#### The Conservative Research Department

During this period of Opposition the Research Department's main functions have been, as set out by the Director of C.R.D. (in 1975):

- a) To assist the Shadow Cabinet collectively and individually and to help in the formulation of policy.
- b) To act as a Parliamentary secretariat, briefing MPs and helping the specialist back bench committees.
- c) The production of information publications for the Party as a whole.
- d) Support operations for Central Office.

The support operations for Central Office have included advice on the content of broadcasts, advertising, CPC briefs, Westminster Industrial Brief and Local Government Brief. A member of the Research Department has been seconded to most Parliamentary by-elections. All in all, there has probably been more practical co-operation between the Research Department and Central Office in recent years than previously. Nonetheless, there is scope and need for much closer integration of effort than has so far been achieved. Without prejudicing the quality of its important Parliamentary work, the Research Department should be able to make a greater contribution in support of the efforts of the Party to make an impact on the national consciousness and national events outside the Palace of Westminster. The lines of demarcation that the Party has traditionally drawn between policy work, publicity and political activity have become, in today's world, barriers to proper effectiveness.

Although some opposition must be expected from within the Department, it is recommended that the Research Department should be relocated at 32 Smith Square. Only then will it be possible to harness its resources satisfactorily to the main purposes of Central Office and generally make the Department (which in 1977-78 accounted for one sixth of the central budget) more politically cost effective. There is no reason why any of the Research Department's existing work should suffer as a result of such a move and, indeed, some of it would benefit through more ready access to sources of information available through other Departments. The Research Department's presence would have a leavening effect in Central Office, lifting the general level of intelligence and political awareness in the building. Its presence would also be valuable in improving the links between Central Office and the House of Commons.

In addition to these operational benefits there would be financial advantages in moving the Research Department into 32, Smith Square. The running costs of the two buildings in Old Queen Street and of the additional staff needed to maintain the separate CRD establishment are currently £58,000 per annum. If these buildings are retained, the leases will have to be renewed (in 1985 and 1989); this will involve capital outlay and increased costs of rent. When the present leases expire there will also be an obligation to repair dilapidations, the cost of which would certainly not be less than £40,000 at today's prices. By contrast, if the Party sells the outstanding leases it will realise possibly £115,000. The cost of the move and of the rearrangements that would be necessary at Smith Square should be set against the financial benefits, but there would remain a not inconsiderable saving.

These arguments lead to the recommendation that the successor to the present Director of the Research Department should be appointed with the specific remit to move the Department from Old Queen Street to Smith Square, and with the understanding that the functions of the Research Department would then be as follows:

- a) To provide briefing and information services, including briefs for Parliamentary debates, Politics Today and the Campaign Guide.
- b) To assist in policy formation.

This role, when the Party is in Government, will perhaps be more a matter of helping to formulate questions and acting as a political conscience, than providing answers.

Both in Government and in Opposition the Party has to produce a Manifesto.

When the Party is in Opposition it uses the Research Department to service policy groups and to help it substantiate its political propositions. (This does not mean, however, that the Research Department should succumb to the temptation of regarding itself as a Civil Service in exile. The nature of the Research Department and the circumstances of Opposition make such an analogy quite inappropriate.)

- c) To provide an intellectual beacon, and foster a Conservative political culture in Britain. The Socialists a generation or more ago established the categories and terms of political discussion that have prevailed in this country without effective challenge until very recently. Because of this it is vastly more difficult to make Conservative values prevail. Latterly, however, the process has begun of creating a new intellectual climate for British politics. The Conservative Research Department ought to have an important role to play - for example, through the promotion of publications and seminars - in developing this intellectual and moral initiative.

This part of the Research Department's responsibility must involve welcoming and promoting contributions to thought from many sources and working in constructive partnership with other centres of Conservative thought.

It would probably be a mistake for the Party to seek to employ, full time at any rate, the best academic and journalistic talent. It would cost a lot of money to do so, and might unfortunately remove people from important opinion-forming work elsewhere. A better arrangement might be to retain the appointment of a senior member of the Cabinet with overall responsibility for policy and research. (He should not be designated as Chairman of the Research Department. To have two Chairmen, or Deputy Chairmen, within Central Office would create difficulties.)

He would gather about him, on an unpaid basis, people of outstanding ability who would be likely to contribute to the development and propagation of Conservative thinking. The paid staff of the Research Department would be at the disposition of those undertaking work at this level, and some members of the Department should themselves be of the calibre to make a personal contribution to it.

- d) To service the Leader and the Chairman of the Party in strategic and tactical planning, as suggested in Section 5, (x) above. Responsibility of this sort would further help to attract and retain good staff when the Party is in Government.
- e) To provide a staff for the Chairman and Deputy Chairman, as sketched out in Section 5, (viii) above.
- f) To support other Central Office Departments. An improved combination of information and action will be critical to the success of the Party Organisation in the future. There is scope in a number of fields for eliminating confusing and expensive duplication of functions and for putting together the sum of available parts to better effect.

Public opinion findings have been made available only on a fairly restricted basis hitherto outside the Research Department and their implications have not been acted upon by other Departments as they might have been.

It is important to achieve a more productive working relationship between Research and Publicity. This is more than a matter of ensuring that Departments keep each other briefed and that day to day tactical opportunities in publicity are well used. It should be a major function of the Research Department to assist in developing and implementing a communications strategy.

The Critical Seats Unit has been a useful experiment in co-operation between a number of Departments, and its work needs to be developed further.

Research and CPC would naturally fuse under one roof, and the Research Department could help make CPC and constituency Political Committees more effective, and so attract a better quality of membership to Constituency Associations and promote better understanding between voters and a Conservative Government.

There should be a closer integration of effort between Research and the work of the Community Affairs Department, especially in the organisation of seminars and studies. Research could make more use of the intelligence available from active Conservative trade unionists, members of ethnic minorities, small businessmen and others with whom the Community Affairs Department is concerned.

The Local Government Department now works more closely with the Research Department, but there is a need for greater co-ordination in this field, too.

The International Office now overlaps with the Research Department, but it is unsatisfactory that work in the foreign affairs field should still be so fragmented.

- g) To maintain an appropriate working relationship with the Secretariat of the European Conservative Group.

7. Priority tasks for Central Office after the General Election

The following would seem to be indicated:

- (i) Strengthen the central direction on the lines set out in Section 5 above.
- (ii) Strengthen the Party's fund raising capacity. Invest in more and better CBF staff. Invest in training CBF representatives, Agents and Treasurers in fund raising techniques. Encouraging results have recently been achieved through having nominated rather than elected Treasurers of Euro-constituency Councils and it may be worth exploring the possibility of extending this principle to the Area Treasurerships.
- (iii) Maintain the drive to eliminate wasteful expenditure and to achieve a high quality, well paid staff.
- (iv) Establish the Research Department in Central Office with terms of reference as indicated in Section 6 above.
- (v) Improve upon existing methods of recruiting Candidates.
- (vi) An urgent and thorough review should be made, by the Deputy Chairman, of the state of the Agents' profession. Problems for consideration include recruitment, job specifications, training, remuneration, deployment, career structure and pensions.
- (vii) Develop and implement a strategy for communications and political education. This will involve refining our techniques in the use of an advertising agency.
- (viii) Improved training services should be developed for Agents, Central Office staff, Association Officers, Councillors, Parliamentary Candidates and MPs. A great deal can be done to extend the skills, horizons, confidence and effectiveness of the Party's professional staff and to professionalise the activity of the voluntary Party. The training function should be brought directly under the control of the Deputy Chairman.
- (ix) Initiate a new critical seats campaign. From the beginning of the next Parliament the constituency organisations must be activated to ensure that a Conservative Government is returned at the following General Election.
- (x) Foster and develop the specialised work that has been initiated in breaking down barriers of comprehension between the Party and certain sections of the electorate such as the ethnic minorities, trade unionists and young voters.
- (xi) A further urgent search should be made for ways to halt and reverse the decline of the Party in the urban areas. The review of the Agents' profession (twinning and grouping possibilities, revised job specification for Deputy Central Office Agents), fostering of Community Affairs initiatives and support for CPC and Political Committees will all be relevant and interdependent here.
- (xii) Continue the process now begun of overhauling the Party Organisation in Scotland. The possibility should be considered of not appointing a separate Scottish Party Chairman after the Election.

8. Summary of structural proposals

- (i) The office of the Party Chairman should be strengthened.
- (ii) A single, full-time Deputy Chairman should be appointed to act as Managing Director, co-ordinating the work of Departments, controlling expenditure and ensuring that all tasks are carried out effectively and economically.
- (iii) The Chairman and Deputy Chairman should have a direct communications network with the Areas as well as the Departments.
- (iv) The Research Department should be brought into Central Office and be under the control of the Party Chairman. The office of Chairman of the Research Department should be discontinued. The terms of reference of the Research Department should be modified.
- (v) There should be only two Vice-Chairmen: for Women and Candidates.
- (vi) The office of the Vice-Chairman for Candidates should be strengthened.
- (vii) The office of Scottish Party Chairman should possibly cease.
- (viii) There should be one Party Treasurer, responsible for raising funds. The CBF organisation at his disposal should be strengthened.
- (ix) The Director of Finance and Resources should have a fuller responsibility for staff and administrative matters.
- (x) The Training function should be brought under the control of the Deputy Chairman.
- (xi) The principal Committees serving the Leadership should be:
  - a) Strategy & Tactics Committee:      Priorities in publicity and organisation  
Key programmes
  - b) Directors Committee:                      Implementation of objectives agreed by the Strategy Committee  
Co-ordination of general activity
  - c) Campaign Committee:                      Co-ordination of election campaign preparation

