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PREM 19/780

MT

PART 5

SECRET

Confidential Filing

The Organisation of the Treasury and C.S.D.
The Future of the CSD

GOVERNMENT MACHINERY

PART 1 MARCH 1980

PART 5 NOV 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~10.11.81~~							
~~12.11.81~~							
~~13.11.81~~							
~~19.11.81~~							
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~~5.7.82~~							
~~29.7.82~~							
30-7-82							
← Pt 5 ends →							

PREM 19/780

PART 5 ends:-

CAW to RTA. 30 JULY 1982.

PART 6 begins:-

Rayner to PM + att 25.8.82

~~RTA to PM A09228 6.8.82.~~

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(81) 36th Meeting, item 1	12/11/1981

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed J. Gray Date 12/10/2012

PREM Records Team

SUBJECT.

Gore Mach.

2-le Ath

cc's Sir F Cooper
Mr Sparrow
Mr Mount

Master set.

BF

10 DOWNING STREET

From the Principal Private Secretary

PERSONAL AND CONFIDENTIAL

SIR ROBERT ARMSTRONG

The Prime Minister held a meeting this morning with the Chancellor of the Duchy of Lancaster, you, Sir Frank Cooper, Sir Kenneth Berrill, Mr Sparrow and Mr Mount to discuss how the advice she now receives might be improved and her support on policy matters strengthened.

The Prime Minister said that she felt very strongly the need to have a source of advice which was independent of Government departments. At present, if she wanted an alternative view, she had to rely on her personal contacts outside Whitehall. She also felt that she needed a greater capability for taking initiatives: at the moment she and her office were inclined to be only reactive. Nor was there any body inside Government charged with helping her and the Chancellor of the Exchequer in the task of safeguarding the Government's strategy. At the moment her support and advice came from a number of sources - the Cabinet Office, the CPRS and the No 10 Policy Unit, and there was no systematic organisation. Too much was left to chance. The biggest gap of all was in the area of foreign affairs, defence and intelligence where the present arrangements provided her with no independent advice at all. Intelligence was a good example of the problem. She saw many reports and assessments and she often commented on them. She knew that her views were passed back but she suspected that in the process they were interpreted and reinterpreted and thus were gradually changed. If she had her own source of advice in this area she would be better able to take initiatives and to follow up her reaction to intelligence assessments. It might be possible to meet her need for advice generally by using a combination of the CPRS, the No 10 Policy Unit and a new foreign affairs, defence and intelligence unit.

In discussion it was agreed that what was required was not only a system which provided for the "ears and eyes" function but also worked in an active way to enable the Prime Minister to influence the formulation of policy and the handling of problems more effectively and at an earlier stage than now. If her staff were to carry out this latter function successfully, they would have to be able to represent her views to the

PERSONAL AND CONFIDENTIAL

rest of Whitehall. It would be this that gave them credibility and influence. Her advisers would be able to fulfil this role only if she saw them regularly, so that they were familiar with her thinking.

It would be important that a strengthened Prime Minister's office confined itself to an advisory function and did not try to adopt an executive role, for to do so would be bound to lead to serious difficulties between the Prime Minister and her colleagues. At the same time it was worth considering whether the proposed arrangements for improving the advice available to the Prime Minister would not be strengthened still more if more use was made of Ministers without Portfolios.

In further discussion the role of the CPRS was considered at some length. Originally the CPRS was set up as a custodian of the Government's strategy in the sense that it was expected to offer its own view of how the strategy was being implemented. Although it had been established to serve both the Cabinet collectively and the Prime Minister personally, it had always been the case that it spoke only for itself. It was seen by the rest of Whitehall as a source of independent advice for Ministers, and departments were ready to give it, in this capacity, the information which it wanted. To use it as was now proposed as part of the new arrangements for improving the advice available to the Prime Minister would mean a change in its relationship with the rest of Whitehall. That might be avoided if it could carry out its new function covertly, but it was difficult to see how it could, in practice, do that for very long.

In discussion it was pointed out that a foreign affairs, defence and intelligence unit need be no more than four or five strong, with half its members coming from Government departments and half from outside the Civil Service. It would be important, above all, to get the right people. One area where it might be possible to recruit an outsider was the banks, especially those with extensive overseas operations. The universities were plainly another source of recruits.

Another way of providing better foreign and defence policy advice for the Prime Minister might be to bring together under one head the Defence and Oversea Policy Secretariat of the Cabinet Office and the Intelligence Assessment Staff, who were now also in the Cabinet Office but separate from the secretariat. The head of this combined team could also be the Chairman of the Joint Intelligence Committee. It was also for consideration whether the present European unit of the Cabinet Office should be added to the new overseas affairs unit.

PERSONAL AND CONFIDENTIAL

The Prime Minister, summing up the discussion, said that, on balance, she was inclined to leave the CPRS with its present role unchanged and where it now was organisationally. Nor was it necessary to make major changes in the existing No 10 Policy Unit, though some enhancement might be desirable. What she now had in mind was to create in parallel with but separate from the present Policy Unit, a new unit of perhaps some four people to give her advice on foreign affairs, defence and intelligence matters. It would also cover Community affairs, but the existing European unit in the Cabinet Office should continue with its present functions. The new unit would be located in 10 Downing Street. Although the CPRS would remain outside No 10, it would need to work very closely with the two No 10 policy units. She would be grateful if you would now develop this concept, in conjunction with Sir Frank Cooper, Mr Sparrow and Mr Mount, and let her have detailed proposals as soon as possible.

I am sending copies of this minute to Sir Frank Cooper, Mr Sparrow and Mr Mount. I should be grateful if they would ensure that it is not seen by anyone else.

KAW.

30 July 1982

Prime Minister.
tw
29 iii

Ref. A09148

MR. WHITMORE

A few thoughts on paper before the Prime Minister's meeting on Friday 30th July at 10.00 am.

2. I take it that what the Prime Minister would like is:

(i) to have sources of advice and briefing to supplement what No. 10 gets from Departments;

(ii) to have additional pairs of eyes and ears to forewarn her of problems coming up and thus to enable her to intervene (if she needs) earlier than at present.

3. This can be provided either by some enlargement and strengthening of the Prime Minister's office, or by making more use of and strengthening the Departments already under the Prime Minister's control - notably the Cabinet Office, including the CPRS.

4. The former course would carry some political risks. Some at least of the Prime Minister's colleagues would see an enlargement of the Prime Minister's office as an extension of Prime Ministerial power and capacity to interfere, and at least a threat of erosion of their own responsibilities; and the larger and more visible it was, the more they would fear it. The Prime Minister is a much better judge of the political risks than I am. But I have become aware that Richard Ryder's article in the Daily Telegraph has alerted some of her colleagues to the political risks and the constitutional implications of a "Prime Minister's Department". I do not think that this would apply to an enlargement of the Policy Unit; but she would run into trouble with anything that looked like an encroachment on the executive or Parliamentary responsibilities of Departmental Ministers.

5. The risk would be especially great in the field of foreign and defence affairs. The present Foreign and Commonwealth Secretary is on the record with critical views about the Washington set-up and the dangers and disadvantages of having a National Security Council in the White House with a Kissinger or Brzezinski-type figure, over against the State Department. I think that we should live greatly to regret the creation of a situation like that over here: it could create

an appearance of incoherence and inconsistency in Government which would be constantly probed by the media and exploited by foreigners, to our disadvantage and discomfiture. If we looked like going down that road, I suspect that the Prime Minister would run into problems with the Foreign and Commonwealth Secretary.

attitude

6. In the minute I sent you last autumn I outlined a possible way of providing what the Prime Minister needs from the Cabinet Office. Doing it that way would minimise the political risk, because we should be providing what the Prime Minister needed without major visible institutional change or upheaval. I think that the Prime Minister does not make as much use as she could of what is available in the Cabinet Office, including the CPRS; indeed, I am not sure whether she realises the extent to which both the Cabinet Office and the Management and Personnel Office are her Departments. To provide what she wants by these means would, however, mean changes in working relationships between No. 10 and the Cabinet Office, and between the Cabinet Office and Departments, of the kind which I indicated in that minute. It still remains my view that we could satisfactorily provide what the Prime Minister wants in that way, and that we should make the attempt to do so before we conclude that it cannot be done like that.

7. In this connection I should say that recent events have revived in my mind thoughts which I first had shortly after arriving in the Cabinet Office but did not then take further. I think that the Cabinet Office could well make a more positive and co-ordinated contribution to foreign and defence policy thinking. In particular, the gap between the Foreign and Commonwealth Office and the Ministry of Defence seems to me significantly wider now than it was in the 1970s; and a stronger central capacity could help to narrow and bridge that gap. This leads me to envisage the following changes:

(1) At present the defence and oversea policy secretariat and the intelligence assessment staff, though both in the Cabinet Office, are separate lines of command. We should bring them under one head, and arrange for them to work more closely together. The combined staffs would have the capacity not just to service Committees and provide assessments but also to contribute positively to the formulation of policy.

(2) The head of the combined defence and oversea policy secretariat and assessment staff should take over the chairmanship of the Joint Intelligence Committee.

8. In this way we could ensure that the assessments staff, while still policy-oriented and still providing a collective service, was under clearer direction from the centre.

9. I would leave the Intelligence Co-ordinator separate, reporting direct to me, to continue to co-ordinate the activities and resources of the intelligence agencies.

10. The effectiveness of such a rearrangement would depend crucially on the quality and leadership of the head of the combined defence and oversea policy secretariat and assessment staff, who would in practice be reporting direct to the Prime Minister. We should have to consider the grading of the post, and whether it should subsume or be additional to the present head of the defence and oversea policy secretariat. The value of this arrangement to the Prime Minister would depend on the development of the right working relationship with No. 10.

11. All this would require more detailed working out than I have had time to give it. But I would gladly do more work on it, if the Prime Minister thought that that would be useful.

12. As to the CPRS, its head should clearly continue to report direct to the Prime Minister, as he already does. I think that the Prime Minister could make more use than she now does of the CPRS (and indeed of the economic secretariat in the Cabinet Office) as a source of advice and briefing. But I am sure that it would weaken the effectiveness of the CPRS in relation to the rest of the Government machine to move it formally out of the Cabinet Office into the Prime Minister's office. It depends for that effectiveness partly upon its having become accepted as being a source of independent advice.

RWA

ROBERT ARMSTRONG

29th July, 1982

CONFIDENTIAL

PRIME MINISTER

PRIME MINISTER'S DEPARTMENT

You asked me to set up a meeting with the following to discuss the question of strengthening your Office:-

Chancellor of the Duchy of Lancaster
Sir Robert Armstrong
Sir Frank Cooper
Sir Kenneth Berrill
Mr. Sparrow
Mr. Mount

The meeting has been arranged for Friday, 30 July at 1000 hours.

AWL.

Thanks on MT

26 July 1982

CONFIDENTIAL

SECRET

15 July 1982

PRIME MINISTER

Copy No.1 of 2

THE PMO

We discussed at the end of May your intention to create a Prime Minister's department. I hope it may be useful to jot down a few suggestions, on the basis of my first impressions of Downing Street and conversations with Alfred, Bernard Donoughue, John Hoskyns and others with whom I have discussed the shortcomings of the present situation, though not, of course, your intentions.

The quick way out

The simplest answer to the present shortage of objective and thoughtful policy advice would be to make the CPRS directly responsible - and geographically nearer - to the Prime Minister. This would equip the Prime Minister with a personal policy research department which would fit in with the existing (perhaps somewhat enlarged) policy advice unit and the existing (highly efficient, it seems to me) private secretariat.

Such a scheme would minimise fuss and leave the Cabinet Office to continue its duties of organising the business of Cabinet and Cabinet Committees, and of chairing the official committees which service them. Yet my first impression is that this would not go nearly deep enough.

The Cabinet Office

It is the existence of the Cabinet Office at the heart of Government yet without a Ministerial head which strikes the outsider as peculiar. It is as though the hen-coop were to be organised by the only chicken without a head.

The historical origins are highly relevant, as Hugh Thomas points out. Lloyd George set up the Cabinet Office on the garden floor of Number Ten to provide a central driving force for the Government in time of war.

After Lloyd George's downfall, Hankey, the Cabinet Secretary, clung on and reinforced his own position, becoming immune to changes of Government and gradually establishing, by precedent broadening into precedent, the independence of the Cabinet Office from the Prime Minister.

SECRET

The result is that, however well-intentioned the Secretary to the Cabinet may be, it is his professional function to defend that independence and to see that the importance of the Cabinet Office is maintained. Personally he may be sincerely and whole-heartedly determined to serve his Prime Minister and, indeed, the rest of the Cabinet, but the system instructs him to defend the interests of the Cabinet Office. He can do no other.

At a trivial level, this division at the heart of Government leads to petty wrangles and mistrust. At a more profound level, it tends to paralyse both the flow of information upwards and the flow of decisions downwards.

In the end, if pressed hard enough, the machine will obediently churn out the information that the Prime Minister wants. In the end, a determined Prime Minister can see to it that a line of action is properly examined and implemented.

But no Prime Minister has the time to ask all the right questions at the right time, nor the resources in every case to test departmental advice against independent advice, nor the forewarning to investigate every promising line of action in sufficient time. The system of Government has simply failed to catch up with the range of tasks that are expected of a modern Prime Minister. In fact, because of the appearance on the scene of the Cabinet Office as an independent fiefdom, a modern Prime Minister is in many ways less well situated than Mr Gladstone or Lord Salisbury.

The political obstacle

The first and most obvious obstacle is the feeling that any change would alter the balance of primus/prima inter pares within the Cabinet. How are we to answer the accusation that a Prime Minister's department would increase the power of the Prime Minister vis-à-vis Ministerial colleagues?

It would be a help if the new arrangements were to:

(1) Continue to maintain a Cabinet Office, much reduced in size, to organise the business of the Cabinet and its Committees, and combine the post of Cabinet Secretary with the post of Head of the Home Civil Service and the MPO. The Cabinet

Office and its Secretary would still maintain control of the Central Statistical Office and the various other assorted agencies which have come to be associated with it. Only the "policy helpers" would be transferred to the new PMO.

(2) Make it clear that the change involves a clear net reduction of, say, at least 10%, in the total number of officials employed within Number Ten and the Cabinet Office together.

(3) Emphasise to Ministerial colleagues that the change is intended to make the Government as a whole more politically effective.

(4) But at the same time, bring into the new PMO a mixture of non-party talents. The appointment of high-quality outsiders is always a generally popular move.

(5) Stick to the existing title in Vacher's of "Prime Minister's Office", thus emphasising that the Prime Minister's Office is not intended to be a full-scale department on the scale of other Ministerial departments.

Should the PMO have Junior Ministers?

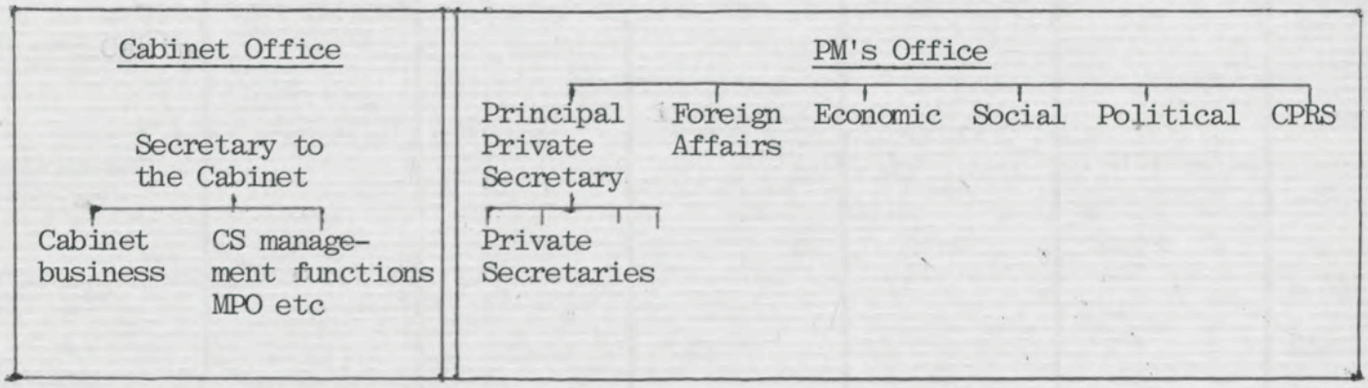
I think not, although Alfred disagrees. It is always hard to think of enough for junior Ministers to do. And in the case of the PMO, it is nearly impossible. In what circumstances could a junior Minister answer for the Prime Minister? In any case, we must avoid any chance of accusations that we are merely creating jobs for the boys.

There is, of course, a case - and precedents - for the Prime Minister appointing an extra PPS to share the gruelling load.

Should the PMO have a Civil Service hierarchy?

A Civil Service hierarchy headed by a Permanent Secretary would tend to become rigid and obsessed with rank and protocol. What a Prime Minister needs is quick access to sensible advice which is both fresh and independent. The PMO should therefore be as informal and flexible as is practicably possible.

The Principal Private Secretary in the PMO would be generally responsible for the welfare of the department and its officials, but the heads of the various sections of the PMO - political, foreign, economic, social - could report directly to the Prime Minister. The reformed system might thus look something like this:



Thus we would hope to preserve within the PMO the flexibility and the lack of "rank-consciousness" which makes Number Ten - within the limits of its resources - an efficient and fast-moving place. Not having a Permanent Secretary with a pyramidal structure under him would also discourage the formation of a fixed "departmental view".

This scheme would leave the management of the Civil Service under the Cabinet Office, partly to demonstrate that the PMO is neither hostile nor hungry for power but also, much more important, to free the PM's Office from excessive concern with organisational matters. We should stress that the purpose is to strengthen the advice available to the Prime Minister, not to strengthen the Prime Minister's influence over other departments.

How would the Cabinet be briefed?

The main professional objection to reform is that the cluster of high-ranking civil servants within the Cabinet Office is necessary to brief and chair committees of officials to prepare for meetings of Cabinet and Cabinet Committees. To an outsider, this justification seems rather baffling.

Either the matter under discussion is interdepartmental but not especially contentious as between departments. In that case, the

committee could surely be chaired by an official from the lead department.

Or the matter is contentious as between departments. In that case, surely the relevant head of unit in the PMO could chair the discussion. After all, at Ministerial level, it is the Prime Minister who is supposed to resolve disagreements between departments.

At present, the Cabinet Office is largely reliant upon individual departments for detailed information and advice. The function of "rendering down" such advice into a brief for official and Ministerial committees could often be discharged by the relevant official in the relevant department, thus skipping an unnecessary stage in the process.

FM

FERDINAND MOUNT

ANNEX

ILLUSTRATION OF REDUCTION IN CIVIL SERVICE NUMBERS AS A RESULT OF REFORM

BEFORE (Assistant Secretary level and above, central "policy helpers" only) Rank equivalents are listed; it is of course not implied that all, or even most, policy helpers would be career civil servants.

Cabinet Office	CPRS	No.10	
		Private Office	Policy Unit
1 Perm.Sec.	1 Head		
4 Dep.Secs.	1 Dep.Sec.		
6 Under Secs.	1 Chief Scientist	1 Dep.Sec.	1 Under Sec.
10 Asst.Secs.	1 Under Sec.	2 Under Secs.	2 Asst.Secs (say)
	12 Advisers	2 Asst.Secs.	
21	16	5	3

At present, there are 37 "policy helpers" in the Cabinet Office and CPRS, and only 8 (approximately) in Number Ten.

TOTAL: 45

AFTER

Cabinet Office	Prime Minister's Office		
	CPRS	Private Secs.	Advisory Units
1 Perm.Sec.			
1 Dep.Sec.	1 Head	1 Dep.Sec.	4 Dep/Under Secs.
2 Under Secs.	1 Dep/Under Sec.	2 Under Secs.	9 Asst.Secs.
5 Asst.Secs.	1 Chief Scientist	2 Asst.Secs.	
	8 Advisers		
9	11	5	13

Advisory Unit staffed thus:

Foreign Affairs & Defence	Economics	Home & Social Policy	Political
1 Dep/Under Sec.	1 Dep/Under Sec.	1 Dep/Under Sec.	1 Dep/Under Sec.
2 Asst.Secs.	4 Asst.Secs.	2 Asst.Secs.	1 Asst.Sec.

TOTAL "policy helpers" = 38 - a reduction of 15% after reform

There would, of course, also be consequent savings at lower levels in the hierarchy.

CPRS could legitimately be reduced in size because some of its work would be performed by the specialist advisory units.

Cabinet Office would still have ample staff to service the Cabinet adequately since departments and the PMO would be sharing the load of official committees.

FILE SLW

Gork Mach

PRIME MINISTER

Sir Derek Rayner's office mentioned to me that when he sees you in another context at 5 o'clock tomorrow he may well take the opportunity to mention his appreciation of the way in which the integration of manpower and expenditure control in the Treasury is going.

As you know, work is now well advanced in this area.

TF

5 July, 1982

MANAGEMENT - IN CONFIDENCE

Please BF 2/7
NBPM - given fate of minute under ref.
MCS 22/

PRIME MINISTER

INTEGRATION OF MANPOWER AND EXPENDITURE CONTROL IN THE TREASURY

On returning from Canada I have seen the Chancellor of the Exchequer's minute to you of 1 June, on which I have three comments:

(1) Integration is very much in line with my thinking about the control of public expenditure and I welcome it.

(2) It will be important to ensure that the expanded Expenditure Divisions put enough time, resources and willpower into the oversight of their departments' administrative expenditure and organisation for efficiency. I shall offer the Chancellor some thoughts on this.

(3) I hope that, on the disappearance of the ex-CSD Manpower Divisions, there will be an opportunity to denote in some way their very hard work and achievement in connection with the manpower target. Both seem to have been substantial and it would be good if the officials concerned knew that Ministers were pleased.

told Treasury shd do something about this (WR told Mr Priestley)

2. I am copying this to the Chancellor of the Exchequer, the Lord Privy Seal, the Minister of State (Commons) in the Treasury and Sir Robert Armstrong.

Derek Rayner

Derek Rayner
18 June 1982

MANAGEMENT IN CONFIDENCE

2. Govt - Mach;
Prime Minister

010

Back to square one, and better for it.
4/6

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

After discussion with the Chancellor & John Kerr decided not to put this into PM & she expects this to happen, and it has already leaked anyway
MCS 4/6

PRIME MINISTER

INTEGRATION OF MANPOWER AND EXPENDITURE CONTROL IN THE TREASURY

In the wake of the re-organisation of central Departments I have been considering how and whether the work in the Treasury on manpower and expenditure control might be pulled more closely together by merging the former CSD manpower divisions with the Treasury public expenditure divisions.

2. A feasibility study has now shown that closer integration of these facets of Treasury work is practicable, and I have concluded that it should proceed. This will carry through the logic of last November's re-organisation by bringing together operational responsibility for the control of all the resources allocated to spending Departments and their programmes. It will also play an important part in welding together the newly expanded Department. And, though integration will involve dispersal to the expenditure divisions of the manpower control expertise now concentrated in the Manpower Group, I am satisfied that this will not put in jeopardy the achievement of our 1984 manpower target. To minimise disruption to the work of the Department it is planned that the re-organisation required will take place at the same time as the Treasury and MPO staff currently in Old Admiralty Building are co-located in the Treasury building in July.

3. I am sending copies of this minute to Janet Young, Sir Robert Armstrong and Sir Derek Rayner.

G.H.

1 June 1982

Clive Whitmore Esq

CABINET OFFICE

With the compliments of

Sir Robert Armstrong KCB, CVO

Secretary of the Cabinet

WR
20/5

70 Whitehall, London SW1A 2AS
Telephone: 01-233 8319

Ref. A08449

MR CASSELS

This minute concerns the situation now that Sir Derek Rayner's Unit has been brought into the Management and Personnel Office and merged with ME command.

2. As the Office Notice about the change made clear, Sir Derek Rayner will keep in touch with you and me on the efficiency programme in general. He will also maintain regular and continuing contact with you and Mr Priestley on the direction of the Rayner Unit's activities. He will continue to look to Mr Priestley and the members of the Unit for staff support. But Mr Priestley will report to you on the work of the Unit, as well as on the work of his command as a whole. The Prime Minister will continue to take an active interest in the MPO's work on efficiency, and you may often find it convenient to report direct to her, and Mr Whitmore may often find it convenient to communicate direct with you, particularly in respect of the work of the Unit. That is "good Wardale"; but when this happens I should be grateful if you and he would copy your communications to the Lord Privy Seal and to me, as well as to Sir Derek Rayner.

3. I am sending copies of this minute to Mr Whitmore and Mr Buckley.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

18th May 1982

010

pm. cc Switch GR Duty Clerk

wh 23/4

MANAGEMENT AND PERSONNEL OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

From the Permanent Secretary: Sir Robert Armstrong KCB CVO

Ref: A08198

23rd April 1982

Dear Private Secretary,

The Efficiency of Central Government

The Prime Minister has agreed that the Unit which reports to Sir Derek Rayner and is at present located in the Cabinet Office should be brought into the Management and Personnel Office and merged with MPO's Management and Efficiency divisions. The combined organisation will be brought together under one Under Secretary, who will be Mr. Clive Priestley; he will report to Mr. Cassels, the Second Permanent Secretary in the Management and Personnel Office.

From Friday, 23rd April, the Rayner Unit will be located in Old Admiralty Building as follows:

	Room	Telephone
Sir Derek Rayner) Clive Priestley)	1/42	273 3508
Jean Sullivan, Senior Personal Secretary	1/110	273 5623
Ian Beesley	1/43	273 5226
Jean Craig Personal Secretary	1/110	273 5623
Christopher Joubert) Elizabeth Thoms) Mark Caldon)	1/41	273 3434

Sir Derek Rayner will continue to advise the Prime Minister, and as appropriate the Lord Privy Seal, on efficiency matters. His main concern will be the scrutiny programme, the Service-wide reviews, the programme of "lasting reforms", including the Treasury's work on financial management, and support for MPO. He will in future be less closely involved than hitherto

in the day-to-day work of the Rayner Unit but will keep in touch with Sir Robert Armstrong, Permanent Secretary of the Management and Personnel Office, and Mr. Cassels, the Second Permanent Secretary, on the efficiency programme in general; and he will maintain regular and continuing contact with Mr. Cassels and Mr. Priestley on the direction of the Rayner Unit's activities.

I am copying this to the Private Secretaries of all members of the Cabinet, the Chief Whip and the Law Officers, to Jeremy Colman (Treasury), Eleanor Goodison (MPO) and Elizabeth Thoms (Rayner Unit).

Yours sincerely

D. J. Wright

D.J. Wright

file AH

10 DOWNING STREET

From the Principal Private Secretary

MR PRIESTLEY

The Prime Minister has asked me to thank you for your minute of 22 April 1982.

She is grateful to you for drawing her attention to the announcement of Sir Derek Rayner's promotion to be Joint Vice-Chairman of Marks and Spencer, and I attach a copy of a letter of congratulation which she has sent him in her own hand.

The Prime Minister has noted that the Rayner unit moved from the Cabinet Office to Old Admiralty Building yesterday.

TAW.

23 April 1982

AH

file

10 DOWNING STREET

THE PRIME MINISTER

Fri. 23/4/82.

Dear Derek.

Just to say many congratulations. Pleas we shall see less of you but we shall all keep the flag flying in our own sphere.

In haste

Yours ever

Margaret

PERSONAL (via Mr Whitmore) 3. Prime Minister.

If a letter is to go to Derek Rayner — and it would be a nice gesture if one were to — it must be from you personally and not from me on your behalf. A letter for your signature is attached at the back of these papers.

AT
22/4.

PRIME MINISTER

May I bring to your notice the following two points, please?

Sir Derek Rayner

2. The attached report from yesterday's GUARDIAN is accurate. Sir Derek has been made Joint Vice-Chairman of M&S and will be, in effect, the Vice-Chairman. And there is something of an understanding in the upper reaches at 57 Baker Street that he will succeed Lord Sieff, possibly at about the end of this year.

3. The reference to Sir Derek's "tirelessness" is well taken. He has borne a heavy load of personal responsibility in M&S, at home and abroad, and done his work in Whitehall with truly astonishing flair, diligence and attachment to principle.

4. In case you wished to mark Sir Derek's promotion in some way, I also attach a possible private secretary letter.

Removal of the Rayner unit

5. Sir Derek's unit removes from the Cabinet Office today to the Old Admiralty Building. I give you my assurance that, in our new surroundings, we shall continue to serve Sir Derek and you to the best of our ability.

CP

C PRIESTLEY
22 April 1982

Encs: Cutting from Guardian, 21 April
Draft private secretary letter

Rayner rising at M & S

By Maggie Brown

SIR DEREK RAYNER, Mrs Thatcher's tireless toiler against government waste, looks set to become the first chairman of Marks & Spencer to be drawn from outside the founding families.

He was yesterday promoted within the company, becoming vice-chairman alongside Mr Michael Sacher. This key

Sir Derek Rayner

move places him strategically below chairman Lord Sieff, aged 68. He may well become the next chairman.

If Sir Derek becomes chairman he will be the first in the company's 98-year-history to come from outside the two founding families, the Sieff and Sacher dynasties.

Sir Derek, aged 56, adds new responsibilities for M & S's international businesses as a consequence of the promotion. He will take over board responsibility for European expansion from director Mr John Sacher, son of Mr Michael Sacher, aged 64.

He is already responsible for other international expansion plans in Canada, and the company stressed yesterday that this new "very senior and important role" reflected M & S's overseas developments.

The company has seven stores in Europe so far, plans another two new ones within 18 months at Lisle and Antwerp and has more longer term plans up its sleeve. Until yesterday's upward move Sir Derek was one of four joint managing directors running parts of the retailing empire.

Sir Derek, who joined the company in 1953, became a director in 1967. He shot to public prominence in 1979 when he became the Prime Minister's special adviser on improving efficiency, and cutting out waste in Whitehall. He has directed particular attention to simplifying forms and paperwork.

He is unmarried, and is known as a seven day a week businessman, who has combined two key roles with ease and assurance.

DRAFT OF 22 APRIL 1982

Sir Derek Rayner
57 Baker Street

The Prime Minister has asked me to write to you, offering her congratulations on the news of your advancement to the Joint Vice-Chairmanship of your Company. She is delighted to hear of this promotion and wishes you every success in the future. Mrs Thatcher also asked me to say how very grateful she is for your work in Whitehall and how impressed by the way in which you combine that with your duties in Baker Street.

CAW

10 DOWNING STREET

THE PRIME MINISTER

PERSONAL

Just a line to congratulate you very warmly on your appointment to be Joint Vice Chairman of Marks and Spencer. I was delighted to see the news in yesterday's newspapers.

Plainly all the time and energy you have given so unstintingly to the Government for the last three years has not proved to be too much of a brake on you in Baker Street!

Sir Derek Rayner

Note

The Chief Secretary's office tell me that he has agreed with the Chancellor and the Lord Privy Seal to withdraw this minute. NFA

WR 19/4

PRIME MINISTER

MPO's EARLY TASKS

Janet Young sent me a copy of her minute to you of ~~15~~ TPM April enclosing the draft of her proposed public statement.

2. Janet proposes publication as soon as possible. While I welcome the document, I suggest that we should consider the timing of its publication in relation to that of the forthcoming initiative on financial management and the Government's reply to the Treasury and Civil service Committee's report on efficiency and effectiveness.

3. You will recall that we discussed the possibility of using the Government's reply to the Committee as the occasion for a public statement about what we are doing to improve financial management. Paragraphs 7 and 8(2) of the MPO document give a short description of the forthcoming initiative, and there may perhaps be some risk of dissipating its impact if the MPO document is published first.

4. Perhaps we could have a word about the timing of publication when we meet to discuss these matters on 27 April.

5. I am sending copies of this minute to Janet Young and the other recipients of hers.

L.B.

LEON BRITTAN
19 April 1982

File

10 DOWNING STREET

From the Private Secretary

MR. BUCKLEY
LORD PRIVY SEAL'S OFFICE

MPO'S EARLY TASKS

The Prime Minister was grateful for the Lord Privy Seal's minute of 15 April, to which was attached a draft statement about the MPO's early tasks.

The Prime Minister is content for Lady Young to publish this statement as she proposes.

I am sending copies of this minute to John Kerr (HM Treasury), Terry Mathews (Chief Secretary's Office), Adrian Carter (Minister of State's Office, HM Treasury), Jeremy Colman (Permanent Secretary's Office, HM Treasury), Clive Priestley and David Wright (Cabinet Office).

M. C. SCHOLAR

16 April 1982

Prime Minister,
Content for Lady Young to publish the attached statement, based on the MPO Action Document?

PRIME MINISTER

Yes

MPO'S EARLY TASKS

MR 15/4

On 5 February I sent you a draft of the MPO's Action Document. Since then there have been useful consultations with certain Permanent Secretaries, Sir Derek Rayner and a number of civil service trade union leaders as well as a good deal more work within MPO.

I now propose that instead of publishing the management plan itself, which is inevitably rather long and detailed, we should publish a statement about the MPO's early tasks setting out clearly and crisply what role the MPO is going to play and what major objectives it should pursue in 1982-83. The draft statement is attached. It is underpinned by management documents which I propose to make available to the Treasury and Civil Service Committee of the House of Commons and to others with an interest.

The document contains references in paragraphs 7 and 8(2) to a major joint MPO/Treasury initiative to improve financial management and develop managerial effectiveness and efficiency. This is a development of the Treasury initiative on financial management about which Leon Brittan minuted you on 5 March and promises, I believe, to be of fundamental importance in our efforts to improve efficiency in central Government. I hope we shall have an opportunity to discuss this with you at the meeting you are holding on 27 April on the subject of running costs and related matters.

I should be glad to know whether you are content with the "early tasks" document. If you are, I suggest that we aim to publish it as soon as possible.

I am sending copies of this minute to Geoffrey Howe, Leon Brittan, Barney Hayhoe, Douglass Wass, Derek Rayner and Robert Armstrong.

Janet Young

BARONESS YOUNG

15 April 1982

THE MANAGEMENT AND PERSONNEL OFFICE: EARLY TASKS

INTRODUCTION

1. In the message which the Prime Minister sent to the staff of the Management and Personnel Office (MPO) when it was set up she said -

> ". . it is people who make the services provided to and by Government work well. I should like all our services to be excellently run and all civil servants to have the confidence that comes from a job worth doing and well done, and to be proud that they work for the public. I look to the new Office to have as its aims improving methods of work and efficiency in the Civil Service and encouraging and helping people to give of their best".

2. This statement outlines how the MPO is setting about its tasks. It is being underpinned by management action within MPO to assign responsibility for carrying out tasks and meeting objectives on the basis of detailed planning documentation.

THE APPROACH

3. Government Departments, under the direction of Ministers, exist to provide the public with services which must be as good as they can make them within the constraints of the resources available. Each and every Department affects the lives of

/individual

individual citizens in diverse ways, some direct and immediate, some more indirect. Each faces its own special and constantly changing problems. Each Department carries the main responsibility for the quality and efficiency of the services it provides; it must therefore be responsible for organising itself, for deploying its resources to best effect and for developing the skills and potential of the civil servants it employs.

4. The public judge the effectiveness and efficiency of government mainly by their experience of doing business with the men and women in the front line of Government Departments all over the country. Their performance is to be reckoned not only in cost but also in the amount and quality of the services provided. It is primarily for Ministers and senior officials in charge of Departments to encourage and help their staff to serve the public well.

5. The MPO has two main functions. The first is to promote the efficiency and effectiveness of Government Departments, a task which involves identifying, supporting and spreading good management systems and practice in Departments and monitoring, questioning and auditing performance in securing them. The second is to maintain a Service-wide framework for the development of personnel policy and practice, and to provide central services to all Departments, notably through the Civil Service Commission (recruitment), the Civil Service College (training) and the Medical Advisory Service (occupational health).

6. The Treasury now has responsibility not only for the management and control of public expenditure in general but also for that of Civil Service pay and manpower in particular. The objective of reducing the size of the Civil Service to 630,000 by 1 April 1984 constitutes a constraint which bears upon the scale of the service to the public, and sets a premium on improving the quality and efficiency of that service.

7. Thus the Treasury and MPO share responsibilities at the centre of Government - over and above the responsibilities which each Department carries in its own sphere - for the framework within which Government Departments and civil servants work, for the efficiency with which Government business is done, for the competence, well-being and morale of the civil servants on whom that depends and for the conduct of relations centrally with the trade unions representing civil servants. It is this shared responsibility which has led the MPO and the Treasury to launch jointly a major initiative to improve financial management and so develop managerial effectiveness in Government Departments - see paragraph 8(2) below.

8. In order to use its resources effectively, the MPO has to be selective in identifying what objectives to pursue. The major objectives for the MPO in 1982-83 will be as follows:

(1) <u>To carry out its part in the programme of efficiency work in 1982 announced by the Chancellor of the Duchy of Lancaster on 9 December 1981</u>. It will support Sir Derek Rayner with further Departmental scrutinies in the programme

/for

for which he is responsible to the Prime Minister, and will co-ordinate reviews of the use and control of resources in various executive operations; of projects to help Departments improve their systems of estimating, monitoring and controlling their running costs; and of personnel work in nine Departments covering more than half the Civil Service.

(2) Jointly with the Treasury, and in consultation with other Departments, to launch a major initiative to improve financial management in Government Departments. Departments will be invited to work up practical plans for improving their financial management in the light of guidance issued by the Treasury and the MPO. The initiative will call for a major and systematic effort to clarify the objectives and responsibilities of managers and provide them with the information, training and expert advice that they need. As plans are put into effect there will be a general raising of standards of financial management in Government Departments. The initiative will also assist the MPO and the Treasury to examine any changes in the existing practices and rules of the central Departments which may be needed to promote managerial effectiveness and financial management in Departments; and will help the MPO to develop a longer-term strategy for promoting efficiency and to define a further practical programme of work for 1983.

(3) To review the central selection, training and career management of staff, in particular with a view to -

/(a)

(a) ensuring that skills in financial management are brought up fully to the standards necessary for good management;

(b) encouraging more staff early in their careers to deepen their knowledge of relevant disciplines, such as accountancy, ADP, etc;

(c) arranging for more of the younger staff likely in time to carry important management responsibilities to gain first-hand experience of how the work of Government impinges on the outside world, for instance by doing a spell in a local office;

(d) managing the careers of potential senior managers in the first half of their service so as to enable them to gain greater depth of knowledge in particular aspects of departmental work;

(e) as a corollary to (d), broadening in mid-career the skills and experience of staff expected to reach the highest levels of responsibility so as to give them wider insights on which to draw;

(f) increasing the scope for recruiting staff at senior levels from outside in mid-career, either on short-term exchanges and secondments or on permanent transfer, and for enabling civil servants in mid-career to gain experience in other types of employment relevant to their future work, for example in industry; and

/(g)

(g) facilitating early retirement for staff wishing to leave the Service voluntarily and for Departments wishing to retire the less efficient.

(4) To promote the motivation and performance of staff by improving the quality of personnel management and the training relevant to it, by conducting projects which involve staff in improving the output and organisation of their work, by promoting understanding of the implications for people of the introduction of new technology, both for the efficiency of their work and for their satisfaction in it, and by raising the effectiveness of occupational health advisory services.

(5) To promote the development of good employment practices throughout the Civil Service in line with Government policies applying to all employers, in particular in the field of training, and in the employment of women, of members of the ethnic minorities, and of disabled people.

CONCLUSION

9 In selecting major objectives for 1982-83, the intention has been to put together a practical programme with a good pay-off. Its success will lie in the extent to which it helps Government Departments and the men and women who work in them to serve the public well. Towards the end of the period the MPO will assess progress and consider what major objectives should be set for 1983-84.

Govt Trade 1.

Prime Minister
Agree this
arranged Q+A?

MAP 2/4

Ref. A07987

MR PATTISON

Yes

Mr Whitmore's minute to Sir Robert Armstrong of 20 January 1982 confirmed the Prime Minister's approval to the transfer of the Government Hospitality Fund from the MPO to the FCO with effect from 1 April 1982. We ought to inform the House of this transfer of responsibilities (which does not require a Transfer of Functions order), and I attach a draft Parliamentary Question, and answer and a background note, for this purpose. No doubt you will arrange for the question to be put down.

D J WRIGHT

2nd April 1982

Teresa

To process, M.

MAP 5/4

DRAFT PARLIAMENTARY QUESTION AND ANSWER (WRITTEN)

Question: To ask the Prime Minister whether she will make a statement about the Departmental responsibility for the Government Hospitality Fund.

DRAFT ANSWER

Responsibility for this Fund passed from the Minister for the Civil Service to my Right Honourable and Noble Friend the then Foreign and Commonwealth Secretary on 1 April 1982. The Fund will continue to arrange hospitality for distinguished overseas visitors invited to this country as official guests of the Government.

BACKGROUND NOTE

Government Hospitality Fund - Transfer of Departmental Responsibility

The Fund used to be administrated by the Civil Service Department; responsibility for it passed to the Management and Personnel Office when the Civil Service Department was disbanded.

By common agreement the tasks of the Government Hospitality Fund are totally unrelated to the main thrust of the Management and Personnel Office's other functions. The Foreign and Commonwealth Office is the Fund's most frequent customer and already has a large measure of involvement in the arrangements for visitors from overseas. With the agreement of the Foreign and Commonwealth Secretary and the Chancellor of the Duchy of Lancaster, the Prime Minister approved the transfer of the Fund to the Foreign and Commonwealth Office (Mr Whitmore's minute of 20 January 1982 to Sir Robert Armstrong refers).

(Answered by the Prime Minister on Wednesday 7 April 1982)

UNSTARRED NO. 165 Mr Cyril D Townsend:
To ask the Prime Minister, whether she will make a statement about the Departmental responsibility for the Government Hospitality Fund.

Responsibility for this Fund passed from the Minister for the Civil Service to my Right Honourable and Noble Friend the then Foreign and Commonwealth Secretary on 1 April 1982. The Fund will continue to arrange hospitality for distinguished overseas visitors invited to this country as official guests of the Government.

Sa Mac

10 DOWNING STREET

MR. WHITMORE

1/iv/82

Lady Young's office rang. She would like half-an-hour before Easter on MPO and political matters. I have put her in the diary at 1145 on Maundy Thursday.

CS.

1 April 1982

SUBJECT

MANAGEMENT IN CONFIDENCE

Sir Mac
a master

10 DOWNING STREET

From the Principal Private Secretary

PERSONAL

SIR ROBERT ARMSTRONG

THE RAYNER UNIT

The Prime Minister saw you and Sir Derek Rayner this afternoon to discuss the future of the Rayner Unit and in particular your minute A07739 of 9 March 1982.

Sir Derek Rayner said that it was essential to bring together his Unit and the management and efficiency divisions of the MPO. The present division was making it very difficult to get on and tackle outstanding problems. Things were simply drifting at present, and he wanted a stop put to that. Many of the staff in the MPO divisions were of good quality but they would not make an effective contribution to the work on improving efficiency until they were given adequate leadership.

You said that the MPO was already doing a great deal to change its approach to the task of promoting efficiency in government. But above all they needed to be seen to have the Prime Minister's personal backing.

After further discussion the Prime Minister said that she was prepared to agree that the Rayner Unit should be integrated in the MPO with the MPO's management and efficiency divisions. The new combined organisation would be led by Mr. Priestley.

I am sending a copy of this minute to Sir Derek Rayner.

TAW.

18 March 1982

10 DOWNING STREET

From the Principal Private Secretary

PERSONAL

STAFF IN CONFIDENCE

SIR ROBERT ARMSTRONG

THE RAYNER UNIT AND MR. PRIESTLEY

I have sent you a separate minute recording the discussion which the Prime Minister had with you and Sir Derek Rayner this afternoon about the future of the Rayner Unit. I have copied that other minute to Sir Derek Rayner.

The separate minute does not deal with the question of Mr. Priestley's own future. At the end of this afternoon's discussion the Prime Minister, in agreeing to the integration of the Rayner Unit with the MPO's management and efficiency divisions inside the MPO, said that she wanted to see Mr. Priestley promoted in post to Deputy Secretary. Sir Derek Rayner offered no comment on the Prime Minister's suggestion but did say that he had always believed that the enlarged command should be headed by a Deputy Secretary.

You said that you would shortly be submitting to the Prime Minister your Wardale proposals for the MPO and that you would like to look at Mr. Priestley's position in that context.

I am not copying this minute to Sir Derek Rayner.

C. A. WHITMORE

18 March 1982

PRIME MINISTER

THE RAYNER UNIT

I am sorry to have to revert to the subject of the future of the Rayner unit.

Sir Robert Armstrong remains very anxious to have a word with you about his minute below. And Sir Derek Rayner asked to see me this evening to say that he would very much like you to take a final decision about the location of his unit: he says that while it remains uncertain whether the unit is to go into the MPO or to remain outside, he is finding that he cannot use his own time to best effect. He is off to Canada on Friday.

I think that the only way to resolve this now is for you to see Sir Robert Armstrong and Sir Derek Rayner together. May I try and arrange this either for tomorrow morning (Wednesday) or Thursday afternoon (times when Sir Derek Rayner is available)?

Yes

TAW.

16 March 1982

PERSONAL

file

N

Mr. WHITMORE

You may like to have an early view of the attached, together with the rude comments of my staff. I don't think it compares at all well with the version prepared here and copied to you by Sir Oliver, but enough is enough. If you want any help when the time comes, please let me know.

GP

18.iii.82

Miss Sullivan

Please copy for Sir DM and return to me.

GP
16/3

Mr Fraser
Mrs Andrews
Mr N E A Moore
Mr Morgan
Mr Priestley
Mr Russell
Dr Semmence
Mrs Sloman
Mr Towers
Mr Tuck
Miss Bacon
Mr Davie
Miss Andrews

cc Mr J K Moore - w/o attachment

MPO's EARLY TASKS

Sir Robert Armstrong has submitted the "early tasks" document, as it is now called, to the Chancellor of the Duchy for her approval and then for onward submission to the Prime Minister. It is to be hoped that this is now close to the final version and I therefore attach a copy of your information, together with a copy of Sir Robert Armstrong's minute.

Eleanor Goodison

Eleanor Goodison
PS/Mr Cassels

18th March 1982

~~Mr Priestley~~ 16/iii
~~Mr Tuck~~
~~Mrs Sloman~~

For comments to Monday, please.

GP
16.iii.82

Mr. Cassels

MANAGEMENT AND PERSONNEL OFFICE
70 Whitehall, London SW1A 2AS Telephone 01-233 8319
From the Permanent Secretary: Sir Robert Armstrong KCB CVO

Ref. A07785

CHANCELLOR OF THE DUCHY OF LANCASTER

---

cc Minister of State, Treasury (C)
Mr Cassels
Mr J K Moore

MPO's Action Document

An early draft of this paper went to the Prime Minister under cover of your minute of 5 February and we were given clearance to consult certain Permanent Secretaries and a number of Civil Service trade union leaders. John Cassels met the trade unions, and he and I had a meeting with Permanent Secretaries. Both groups suggested a number of changes to the original draft, some of them quite radical. We learnt a good deal from these exchanges and prepared a further draft accordingly. I have now had reactions to that draft from Permanent Secretaries and their comments are taken into account in the version which I attach to this minute.

Helpful to tell CDL what & why?

---

2. It is now a much shorter and I hope tauter document, which offers fewer hostages to the future, and stresses the need to serve the public and for the centre to engage with the real problems of doing so. In recognition of its rather different aims, the paper is now headed "MPO's Early Tasks". As I mentioned when we discussed this on Monday, the paper will be backed up by issuing internally management documents defining particular tasks and objectives more precisely than is appropriate in something designed for publication. Mr Cassels and I think that we should be ready to make those available to interested outsiders and particularly to the Select Committee on the Treasury and the Civil Service.

3. If you are happy with the new version, perhaps we could discuss the way forward, which I think, subject to your views, should be resubmission to the Prime Minister.

ROBERT ARMSTRONG

183
13

DRAFT

THE MANAGEMENT AND PERSONNEL OFFICE: EARLY TASKS

INTRODUCTION

1. In the message which the Prime Minister sent to the staff of the Management and Personnel Office (MPO) when it was set up she said -

> ".....it is people who make the services provided to and by Government work well. I should like all our services to be excellently run and all civil servants to have the confidence that comes from a job worth doing and well done, and to be proud that they work for the public. I look to the new Office to have as its aims improving methods of work and efficiency in the Civil Service and encouraging and helping people to give of their best".

2. This statement outlines how the MPO will set about its tasks.

A curious phrase. 4½ months after MPO was formed.

THE APPROACH

This paragraph is just blather, and could with advantage be omitted

3. Government Departments, under the direction of Ministers, exist to provide the public with services which must be as good as they can make them within the constraints of the resources available. Each and every Department affects the

lives of individual citizens in diverse ways, some direct and immediate, some more indirect. Each faces its own special and constantly changing problems. Each Department has to carry the main responsibility for the quality and efficiency of the services it provides; it must therefore be responsible for organising itself for deploying its resources to best effect and for developing the skills and potential of the civil servants it employs. The public judge the effectiveness and efficiency of government mainly by their experience of doing business with the men and women in the front line of Government Departments all over the country. Their efficiency is to be reckoned not only in cost but also in the amount and quality of the services provided. They look, and the public looks, to Ministers and senior officials who have charge of Departments as carrying prime responsibility for encouraging and enabling them to serve the public well.

4. The Treasury now has responsibility not only for the management and control of public expenditure in general but also of Civil Service pay and manpower in particular. The objective of reducing the size of the Civil Service to 630,000 by 1 April 1984 constitutes a constraint which bears upon both the scale and the quality of the service to the public.

Is there significance in the order? The reader may think so. Cannis in a way that MPO functions precede responsibilities (para 6) but HMT (para 4) is the other way round. I'd put §6 before 4 or 5.

5. The MPO has three main functions. The first is to provide advice and support for the Prime Minister in carrying out her personal responsibilities for senior appointments and for the machinery of government. The second is to provide certain

central services to all Departments, notably through the Civil Service Commission (recruitment), the Civil Service College (training) and the Medical Advisory Service (occupational health), and to maintain a Service-wide framework for the development of personnel policy and practice. The third is to help promote the efficiency and effectiveness of Government Departments.

If I was in charge of PM, I think it would upset me to see these separated. It also suggests that there is a misunderstanding about the nature of the leading reforms package

6. Thus the Treasury and MPO share responsibilities at the centre of Government - over and above the responsibilities which each department carries in its own sphere - for the framework within which Government Departments and civil servants work, for the efficiency with which Government business is done and for the competence, well-being and morale of the civil servants on whom that depends and for the conduct of relations centrally with the trade unions representing civil servants. They must constantly judge their actions by reference to their likely effect on the services provided to the public and business carried out on behalf of the public, as well as by reference to their cost.

Why is it special? Point up this Govt's policy for good management.

7. The MPO has the special task of helping to identify, support and spread good management systems and practice in departments and of monitoring, questioning and auditing performance in securing them. The number of staff it has to do this is and will remain small (Figure 1). It must be highly selective in what it does.

Figures wd help.

8. Much of the resources of the MPO will continue to be taken up with the main day-to-day business of the Department, such as recruitment and training. It is possible, however, to establish priorities which provide a framework of major objectives for MPO in 1982-83. They will be as follows -

for the special effort to foster good management

9. The MPO will

- carry out its part in the programme of efficiency work in 1982 announced by the Chancellor of the Duchy of Lancaster on 9th December 1981. It will support Sir Derek Rayner with further Departmental scrutinies in the programme for which he is responsible to the Prime Minister, and will co-ordinate reviews of the use and control of resources in various executive operations: six of projects to help Departments improve their systems of estimating, monitoring and controlling their running costs; and of personnel work in nine Departments covering more than half the Civil Service.

heavy drafting

- in consultation with the Treasury and other Departments, put in hand a long-term programme of action to improve management in Government Departments and secure the better running of the services provided by central Government. This will particularly concentrate on identifying ways of giving Departmental managers greater freedom and incentive

If I were the Sec'd Clee I'd expect to see (A).

Vague compared to the next indent.

to improve the efficiency and effectiveness of their operations, strengthening the capacity of Departments for management audit, and defining a practical programme of efficiency work for the Civil Service in 1983:

- review the central selection, training and career management of staff and in particular consider:

1. how to arrange for more of the younger staff likely in time to carry important management responsibilities to gain first-hand experience of how the work of Government impinges on the outside world;

what does this mean?

2. how to encourage more of these staff early in their careers to deepen their knowledge of relevant disciplines;

- meaning?

3. how to ensure especially that skills in financial management are brought up fully to the standards necessary for good management;

4. how to enable potential senior managers in the first half of their careers to gain greater depth of knowledge in particular aspects of Department work;

Why this fraction? Meaning?

4

5. as a corollary to 3, how to broaden in mid-career the skills and experience of staff expected to reach the highest levels of responsibility;

examples? interchange?

6. how far the Civil Service can and should go in recruiting staff at senior levels from outside in mid-career, either on short-term exchanges and secondments or on permanent transfer;

What about vice versa?

7. how early retirement can be facilitated for staff wishing to leave the Service voluntarily and for departments wishing to retire the less efficient.

X seems to be a very different issue from Y and what a gloomy point to end the vision.

- promote the motivation and performance of staff, by means of projects which involve staff in improving the output and organisation of their work, by promoting understanding of the implications for people of the introduction of new technology, both for the efficiency of their work and for their satisfaction in it, and by improving the effectiveness of occupational health advisory services.

Where? And where targetted? ?

- promote the development of good employment practices throughout the Civil Service in line with Government policies applying to all employers, in particular in the field of training, and in the employment of women, of members of the ethnic minorities, and of disabled people.

I don't resent much on this particular front, but I do resent being bundled in with the halt and lame.

CONCLUSION

10. Most of MPO's resources have to be used for providing central services for the Civil Service. It has been necessary to be selective in specifying major objectives for 1982-83. The intention in setting the Department's early tasks in this way has been to put together a practical programme with a good pay-off. It will be necessary to monitor and control the Office's progress closely in giving effect to the programme. Its success will lie in the extent to which it helps Government Departments and the men and women who work in them to serve the public well.

Evidence?

Do we have performance criteria for MPO?

What's on show that is practical in paras 9 (second indent) or 9 (fifth indent)?

MPO's staff and costs in 1982/83 will be distributed as follows:

Organisational Unit	Number of Staff 1.4.82	Total Cost, including notional costs of common services, accommodation etc	%
		£ 000s	
Management and Efficiency	76	1,320	5
Public Appointments Unit	12½	226	
Machinery of Government	15½	246	
Conduct, Retirement and Security	17	249	
Personnel Management	88	1,446	5
Civil Service College	318½	6,446	23
Training	21	410	
Civil Service Commission	391½	9,805	35
Medical Advisory Service	53	1,127	
Central Group	141	1,930	7
Ministers Office/Top Management	17	293	
Other operations borne on MPO Votes (including Rayner Unit; Ceremonial; Downing Street; Chief Whip, House of Lords etc.)	147½	4,180	15 large to leave as "other"?
Total	1298½	27,678	

The above figures and costs include those for common services staff which, although Central Group's responsibility, have been attributed in this Figure to the divisions they serve.

Mr RICKETT

RAYNER UNIT STAFFING

1. The Prime Minister may like to know that Mr C J P Joubert (Economic Adviser, DOE(Central)) joins this office on Monday in succession to Mr D R Allen (Economic Adviser, HM Treasury).

2. Mr Joubert who, is 38, is the author of the report on cost centres which is now associated with his name. He is not a career civil servant, his CV being in outline as follows:

- BA in Economics, Cambridge 1969; MA 1973.
- ODI/Nuffield Fellow (Economist/Planning Officer), Botswana Government, 1969-73.
- Consultant with Economic Associates Limited, project work mainly in South America, 1973-75; consultant with Maxwell Stamp, similar work in South America, Africa and Asia, 1975-79.
- Economic Adviser, DOE since August 1979.

3. Mr Joubert will have the usual run of staff officer work here, but will have a particular responsibility for "lasting reforms", especially in the field of financial management, and will give Sir Derek Rayner and Mr Cassels such assistance as may be needed on the Government-wide reviews of running costs and self-contained executive operations.

C PRIESTLEY
12 March 1982

PERSONAL & CONFIDENTIAL

Mr WHITMORE

THE RAYNER UNIT

You must be heartily sick of this but perhaps I may send you another pennyworth in the hope that it may be helpful. It represents only my views. And I am typing this myself, taking no copies.

2 Sir Derek Rayner did not see Sir Robert Armstrong's minute to you of 9 March in draft and his "agreement" (para 6) represents no more than a snatched and hasty exchange on Monday evening, lasting only 3 or 4 minutes, the two of them being unable to get together for any longer. Sir DR is disinclined to write any more on this, but you should take para 6 - suggesting that he agrees with the proposals in para 5 - with a pinch of salt.

3 Many of the points put forward in paras 3 and 4 of Sir RA's minute are fair. In particular, the position and feelings of the CDL would be wounded; the MPO would contract to a "Personnel Office" with little political content or interest *, although Sir RA himself would be left with his personal appanage qua Joint Head of the Civil Service (see below); and there is (or should be) a close working relationship between "management" and "personnel management", hence "MPO".

4 The result of separating out "M" would also be a sort of troika because:

(1) The PM would have the Rayner unit plus the MPO's "management and efficiency" staff in MPO, about 80 staff in all + (£1.4m), under the general supervision of Mr Cassels.

(2) The CDL would have personnel, training, recruitment etc, about 1050 staff in all (c£22m), with Sir RA and Mr Cassels as Permanent Secretaries.

(3) Sir RA (as Jt Hd of the CS) would have the Public Appointments Unit; the Machinery of Government Division; the Conduct, Retirement and Security Division; and Ceremonial Branch, (all part of MPO but reporting to him direct on his personal responsibilities to the PM), about 60 staff in all. Logically but not necessarily, these staff could be included in a Prime Minister's unit too.

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* Personnel mgt (inc senior appointments, via Sir RA); College & Training; Commission and Selection; Medical Adv Svce; Security Advr; Common service. + About 55 staff & assignment officers, rest common service. I am checking on the figures which are curious

5 I think that one needs to recognise that result, but the question was, "how best to give effect to the Prime Minister's wishes" to have an organisation separate from the MPO and reporting directly to her.

6 Here, as I understand it, we do not need to worry too much about the Vote question (paras 3(i) and 4 of Sir RA's minute). You and your staff are, I believe, on the MPO Vote, but that does not make you part of the MPO for any real purpose. A new unit would not have to be on another Vote than that of the MPO if I am right.

7 Secondly, Sir RA is right to recall that the PM is the Minister in charge of the MPO. She can organise the department as she chooses. So she could indeed get what she wanted by instructing the "M" part of it to report to her directly, notably on its intended programme of work; the planning of future "efficiency strategies"; and progress with/results of major pieces of work in hand. For example, she could commission Sir RA or Mr Cassels to undertake the next year's programme of work directly as a warrant from herself. But it would not be helpful for her to have more than one head of "M" to deal with (Sir RA's para 5); the head could be Sir RA, but might better be Mr Cassels because he would have more time.

8 Thirdly, if the PM wanted to establish a management unit or central management review staff - as part of her office but on the MPO's books for pay and rations - which reported directly to her, she could indeed do so by combining the Rayner unit and the "M" part of the MPO just as envisaged in your minute of 5 March. The objections raised by Sir RA as to the CDL's position and his own (paras 3(v) and (vi) of his minute) could be mitigated if not overcome by including in the PM's charge to the unit that it should provide such services to the CDL and the Joint Heads as they might need: indeed, this would overcome one of the oddities of the present arrangements, namely that the Joint Heads have not (so far as I can see) supplied themselves with a staff or access to a staff.

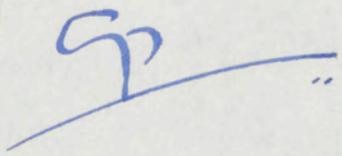
9 Finally, there is the question, why have a separate unit and (apparently) further split the centre? The answer is broadly twofold:

(1) To supply the PM with a staff to enable her to develop and express her policy convictions with regard to good management (not forgetting that she is almost unique among Ministers in the importance she attaches to high quality management) and to do so through a programme of practical work/action.

(2) To provide for the effective co-ordination and achievement of initiatives being taken by different parts of the divided centre.

10 In case it is at all helpful, I attach a draft letter conveying a decision to proceed as the PM indicated last week. I also have some summary notes about the possible unit and the MPO which you might like to have.

11 At the risk of teaching granny etc, may I also say that I think the Chancellor of the Exchequer would need to be informed/squared as well as the CDL.



C Priestley
11 March 1982

ENC: Possible draft letter

DRAFT OF 11 MARCH 1982

THE EFFICIENCY OF CENTRAL GOVERNMENT

The Prime Minister has established in/as part of her own office a unit whose functions will be to support her in certain of her responsibilities with regard to the good management of central Government and in co-ordinating the relevant work of the central departments.

The unit will consist of those members of the Prime Minister's staff who have so far supported Sir Derek Rayner and of the Functions and Programmes Division of the Management and Personnel Office. It will be located in the Old Admiralty Building under the command of Mr . It will report directly to the Prime Minister but will be under the general supervision of Mr J S Cassels, Second Permanent Secretary, MPO.

The Prime Minister has directed the unit to proceed with the work its constituent parts had in hand and also to provide the Chancellor of the Duchy of Lancaster, to whom she will continue to look for assistance on management matters, and the Joint Heads of the Civil Service with the staff work they need in discharging their relevant responsibilities. The unit will also provide services for Sir Derek Rayner and Mr will act as his chief of staff.

I am copying this letter to the private secretaries of members of the Cabinet, the Paymaster General, the Joint Heads of the Civil Service, Sir Derek Rayner and Mr Cassels.

CAW

Ref: A07739

Prime Minister.
Agree to see Sir Robert Armstrong to discuss this?
MT
9 Jun 82.

PERSONAL
MANAGEMENT IN CONFIDENCE

MR. WHITMORE

The Rayner Unit

Thank you for sending me a copy of your minute of 5th March on the subject which I put to the Prime Minister in my minute of 26th February.

2. I note that the Prime Minister has had a word with Sir Derek Rayner on the subject; I should like, if I may, to have a word with her myself about the MPO aspects of what is now envisaged.

3. The points I should like to discuss with her are as follows:

Who put it in?

(i) The Rayner Unit, though housed in the Cabinet Office building, is on the MPO Vote and is thus already part of the MPO for technical and "pay and rations" purposes.

(ii) If both the Rayner Unit and the management and efficiency divisions of the MPO were taken out of the MPO and organised in a separate unit, the MPO would virtually have only its personnel responsibilities left and would cease to be a Management and Personnel Office. That would make nonsense of the changes the Prime Minister made only four months ago. It could make it look as if the Prime Minister felt a less personal commitment to the other work of the MPO than to the efficiency work, and would set at naught all the efforts that have been made in the meantime to establish the morale and credibility of the MPO.

(iii) On 9th December the Chancellor of the Duchy told the Treasury and Civil Service Select Committee that the MPO would be producing an "action document". The drafting of that is far advanced, and it has, with the Prime Minister's agreement, been discussed with a number of Permanent Secretaries and with the unions. If the efficiency content of that were to be taken out, as no longer being the responsibility of the MPO, there would be very

PERSONAL
MANAGEMENT IN CONFIDENCE

little left worth saying. One of the major purposes of the document was supposed to be to establish and define the MPO's role in the improvement of efficiency.

(iv) The forthcoming report of the Treasury and Civil Service Committee on Efficiency and Effectiveness has a section on the role of the central Departments. Relevant quotations include:-

- "We recommend in effect greater devolution of management /in the Civil Service/ but strengthened central review of the effectiveness and efficiency with which management operates".
- "It is necessary that the Management and Personnel Office and the Treasury should now develop together into accepted centres of informed thinking on efficiency and effectiveness and should exercise a forceful influence on the way Departments and the Civil Service as a whole are managed".
- "The new division of responsibilities means that the Management and Personnel Office is responsible for Civil Service efficiency. However, by losing the function of manpower control, it may have been left with insufficient "clout" in its dealings with Departments generally. That would be a most unfortunate outcome. The Management and Personnel Office needs to be able to deal with the Treasury on equal terms and to be confident that its prescriptions and advice will be followed by Departments generally. For that to happen, it will be necessary for the Management and Personnel Office to be seen to be acting always with the full authority and support of the Prime Minister".

(v) The arrangements suggested in your minute of 5th March, which would put the enlarged efficiency unit outside the Treasury and outside the MPO, would appear to have the consequence that neither of the joint heads of the Civil Service would have any formal responsibility for the promotion of efficiency. That would not be a right or easy position for them to be in, and not one which

I should myself want to be in; and I do not believe that it would strengthen the clout of the enlarged efficiency unit in Whitehall.

(vi) The arrangement would formally exclude the Chancellor of the Duchy from involvement in efficiency work. Apart from her personal feelings in the matter, she needs the support of the management and efficiency divisions of the MPO in much of what she is doing. To be without it would very much diminish her effectiveness, or the effectiveness of any Minister who might succeed her, in dealing with Ministers in charge of Departments on the matters that remained within her responsibility.

4. Unless the Rayner Unit and the management and efficiency divisions are to be taken out of the MPO and off the MPO Vote - which would raise technical questions of where and on what Vote they were to be - what we are talking about is essentially reporting lines within a Management and Personnel Office for which the Prime Minister is herself the Minister responsible. It is clear that the Prime Minister accepts most if not all of the objectives that lay behind my minute of 26th February, and in particular that we should now bring the Rayner Unit and the management and efficiency divisions of the MPO under one command and under one roof. The problem is to find a way of doing this which ensures that we do not blunt the cutting edge of the Rayner Unit and we retain the Prime Minister's direct and personal involvement in efficiency work. This depends in my view on establishing reporting lines which enable the Prime Minister to involve herself as directly and personally in all the efficiency work of the MPO (including the Rayner Unit) as she now involves herself in the work of the Rayner Unit.

5. I should like to suggest that this can be achieved by establishing the enlarged efficiency command within the MPO but laying it down that all submissions to Ministers from the enlarged efficiency command are to come to the Prime Minister. In terms of working arrangements such submissions might come to the Prime Minister either from the Chancellor of the Duchy, or from me, or from Mr. Cassels. It may sometimes be appropriate for submissions to come

from the Chancellor of the Duchy (when other Ministers are involved) or from me (when I have been involved either within the MPO or in consultations with other Permanent Secretaries); but in practice it will often make sense for submissions to come direct from Mr. Cassels to the Prime Minister, with copies to the Chancellor of the Duchy and to me, and of course to Sir Derek Rayner, for information and opportunity to comment. Sir Derek Rayner will continue to advise the Prime Minister (and the Chancellor of the Duchy as appropriate), to keep in touch with me on the general programme, and to maintain regular and continuing contact with Mr. Cassels and Mr. Priestley on the direction of the Rayner Unit's activities.

6. I have discussed these matters again with Sir Derek Rayner, as envisaged in your minute of 5th March. He agrees that, given the various political complications to which I have referred in this minute, what is proposed in paragraph 5 is the most practicable way of giving effect to the Prime Minister's wishes.

7. I am sending a copy of this minute to Sir Derek Rayner.

RTA

Robert Armstrong

9th March 1982

SUBJECT

cc Master Set

Gut Mach

File AH

cc CO

10 DOWNING STREET

From the Principal Private Secretary

PERSONAL
MANAGEMENT IN CONFIDENCE

SIR DEREK RAYNER

THE RAYNER UNIT

The Prime Minister had a word with you yesterday evening about the future of the Rayner Unit.

She said that she was reluctant to put the unit in the MPO alongside the management and efficiency divisions already there. Rather, she preferred to bring together the unit and the MPO divisions under Mr Priestley's immediate command but to keep the resultant organisation separate from the MPO and reporting directly to her. She envisaged that Mr Cassels's relationship with the new organisation would be the same as his existing relationship with the present Rayner Unit. Mr Cassels would, of course, also retain his existing responsibilities within the MPO. She agreed that in order to make it easier for Mr Cassels to involve himself in the work of the new efficiency unit, it should be housed wholly in the same building as Mr Cassels.

You said that you would discuss with Sir Robert Armstrong how best to give effect to the Prime Minister's wishes.

I am copying this minute only to Sir Robert Armstrong.

TCW

5 March 1982

AH

PERSONAL - MANAGEMENT IN CONFIDENCE

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

The Rayner Unit

The Prime Minister has seen your minute AO7655 of 26 February 1982 about the future of Sir Derek Rayner's unit and she has commented as follows:-

"I have had a preliminary discussion with Sir Derek Rayner, and he knows my grave doubts about this move. I do not believe the efficiency or integrity of the unit will be maintained if it moves into the MPO. It will be absorbed and its cutting edge blunted."

I will try to find out a little more about how the Prime Minister left matters with Sir Derek Rayner when she spoke to him, but subject to that, I think that the next step may be for you and him to see the Prime Minister together. Would you like a word about this?

M. A. WHITMORE

28 February 1982

I have had a preliminary discussion with Sir D.R and he knows my grave doubts about this move. I do not believe the effectiveness or integrity of the Unit will be maintained if it moves into MPO. It will be absorbed and its cutting edge blunted.

Prime Minister.
Content with the arrangement proposed in paragraph 4 below?
Mr Priestley's position appears to be safeguarded.
AT
26.11.82

Ref: A07655

MANAGEMENT IN CONFIDENCE

PRIME MINISTER

When the Management and Personnel Office (MPO) was set up last November, it was agreed with all concerned that Sir Derek Rayner's Unit should stay as it was and where it was, separate from the MPO, for the time being, while its programme for 1981 was being carried through to completion, but that the aim should be in due course to bring it into the MPO and ensure that its work and that of the management and efficiency divisions of the MPO were fully co-ordinated. In the meantime Mr. Cassels, who had been appointed in October 1981 to be in charge of the Unit, under Sir Derek Rayner's general advice and supervision, would also be the Second Permanent Secretary of the MPO.

2. Sir Derek Rayner, Mr. Cassels and I have been discussing among ourselves, and with the Chancellor of the Duchy of Lancaster, whether the time has come to move to the next stage of this process, now that the 1981 programme is virtually complete.

3. To all of us it seems no less right or necessary today than it seemed last November that, while maintaining the integrity and cutting edge of Sir Derek Rayner's Unit, we should bring it into the MPO and alongside the complementary work done by the management and efficiency divisions already in the MPO. They already work together on particular projects; but we shall not achieve the best possible co-ordination and effectiveness of efficiency work at the centre until the Unit and those divisions in the MPO are brought into a closer working relationship under single management, and under one roof. The geographical separation has made it difficult for Mr. Cassels to involve himself in the Unit's work as much as both he and Sir Derek Rayner would like. It has also meant that it has not been possible to reduce the burden on Sir Derek Rayner in the way and to the extent that he wants and you have agreed that it should be reduced.

4. We therefore propose that Sir Derek Rayner's Unit should move across to the MPO as soon as the practical arrangements for the move can be made. In the MPO the Unit will retain its identity. Mr. Priestley will move with the Unit, so as to ensure continuity and see the Unit through the move and through the process of integrating the Unit's work with that of the management and efficiency divisions of the MPO. He will report to Mr. Cassels, who will be in charge of the Unit on a day-to-day basis. Sir Derek Rayner will progressively reduce his commitment, in terms of time, to the general advisory and supervisory role envisaged; but he will, of course, remain as your adviser, he will be available to advise the Chancellor of the Duchy and (I hope) me, and he will maintain regular and continuing contact with Mr. Cassels and Mr. Priestley on the direction of the Unit's activities. He will continue to look to the Unit for necessary support.

5. It should be possible to save another post in the open structure as a result of this move. At present the Rayner Unit and the management and efficiency divisions of the MPO are each in day-to-day charge of an Under-Secretary (Mr. Priestley for the Rayner Unit, Mr. Russell for the divisions in the MPO). We aim to bring them under the unified command of one Under-Secretary (Mr. Priestley) almost immediately. We shall be considering urgently the staffing consequentials of this, but they can be the subject of a separate submission if need be.

Promotion?

6. I have discussed this submission with Sir Derek Rayner, who is in full agreement with it. Both he and I have discussed the proposals made in it with the Chancellor of the Duchy, who has authorised me to say that she very much agrees that the Rayner Unit should be brought into the MPO as intended, and accordingly agrees with what is proposed and recommends accordingly.

7. I am sending copies of this minute to the Chancellor of the Duchy, Sir Derek Rayner and Mr. Cassels.

RtA

Robert Armstrong

26th February 1982

Mr Whitmore
To be aware. 15/2
Gov Mach

CABINET OFFICE
70 Whitehall, London SW1A 2AS Telephone 01- 2338224

12 February 1982

J S Cassels Esq CB
Management and Personnel Office

Dear John,

MPO's ACTION DOCUMENT

Thank you for your letter of ~~9~~ below February. I think that the new draft is better than the original one but I still think that the draft is not quite sharp enough.

2. I always find great difficulty with the customary civil service habit of commenting on drafts by means of a series of insertions, variations and other kinds of amendments. It is much easier for me to get over what I have in mind by working to a complete text. I have therefore asked Clive to try and produce a new draft which captures my thoughts. This is enclosed.

3. Perhaps I could just comment on a few points which you may find helpful.

(1) There is plainly a problem of multiple readerships. I myself don't like the "we" style as I don't think it rings quite true. I have therefore used the style, "The MPO will...". But I don't feel strongly about this.

(2) I still think that the document should concentrate on the action to be taken in support of the PM's broad aims as stated at the end of the quotation on page 1 and more generally in support of her overall concern noted in the first sentence of that quotation. So I am not very keen on the section headed "The Approach (paras. 2 - 8). A lot of what is said is really axiomatic (paras. 2 - 5). There is a touch of the cliche (eg "respond constructively to the needs and wishes of staff themselves", para. 5). And the MPO's audit function is dealt with rather obliquely (para. 6). I would therefore much prefer the rather crisper approach I have gone for in paras. 2 - 4 of my text.

(3) I think that at least some of the material in support of para. 9 (the MPO's resources) should be included in the document. The Organisational Chart on page 5 is useful. But I do think that the whole lot, apart from something like para. 9 itself, should be annexed rather than put in the main text where it breaks up the flow. (I should add, by the way, that it is right that my unit is not shown in the Organisational Chart but it should be included with "Other Operations" in figure F2).

(4) I have somewhat clarified the references to me in the opening Objectives.

(5) I think it helps for each objective to have its own title and you will see that I have suggested what they might be. I feel that there is a bit of an overlap between some of the objectives but I have not had time to go into this in any depth. I think, too, that the Objectives start tailing off a bit at 5 but by then you are getting out of my field and this must be a matter for your judgement.

4. The Chancellor of the Duchy, Robert Armstrong and you must now be hoping to bring this matter to a pretty early conclusion. I hope you will find my comments and the enclosed draft helpful. In order to advance the cause a bit I am copying this letter to the Chancellor, Clive Whitmore and Robert Armstrong.

Yours ever

Derek

DEREK RAYNER

ENC: Revised draft Action Document

REVISED DRAFT OF 12 February 1982

THE MANAGEMENT AND PERSONNEL OFFICE: ACTION DOCUMENT, 1982/83

In the message which the Prime Minister sent to the staff of the Management and Personnel Office (MPO) when it was established, she wrote:

> "I have established a Management and Personnel Office reporting to me because, as head of the Government, the Prime Minister is directly concerned with the quality of Civil Service work and management, notably with organisation, efficiency, personnel management and senior appointments, and with the quality and well-being of civil servants.
>
> Of course we need to have effective and sensible systems in Government. But in the end it is people who make the services provided to and by Government work well. I should like all our services to be excellently run and all civil servants to have the confidence that comes from a job worth doing and well done, and to be proud that they work for the public. I look to the new Office to have as its aims improving methods of work and efficiency in the Civil Service and encouraging and helping people to give of their best."

This document describes how MPO will set about the task of improving efficiency, promoting good personnel management and encouraging and helping civil servants to give of their best.

THE APPROACH

2. The MPO has three functions. First, it will provide advice and services to the Prime Minister in support of her personal responsibilities, notably in respect of senior appointments, the machinery of government and its efficiency. Secondly, it will provide central services to other Ministers and their departments, especially through the Civil Service Commission (recruitment), the Civil Service College (training), the Medical Advisory Service and the development of personnel management policy and practice. Thirdly, it will promote the improvement of Civil Service efficiency and effectiveness, through exercises for which it will be directly responsible itself and through collaboration with the Treasury and other departments, whether on Service-wide or departmental exercises.

3. Although each of those functions is important, the last has a special significance. The prime responsibility for the efficiency of the government service lies with the Ministers and the senior officials who have charge of departments. The number of staff the MPO can put into the field is tiny compared with those to be found in departments. Its aim must therefore be selective action in support of the Government's policies for good management. The policy of the centre will be progressively to increase the responsibility of departments for good management under delegated authority and to establish that this is working well by means of the timely audit and appraisal of departmental arrangements. More generally, while keeping the independent view and responsibilities of a central department, the MPO will aim to assist and to learn from the efforts of departments to improve their management for themselves. For this and other reasons, the MPO will have to make a careful

choice of staff, notably from among men and women of the right quality and experience serving in other departments.

4. In all its fields of responsibility - including recruitment, training, personnel management, senior appointments and efficiency - the MPO will work on the principle that people are far and away the best resource available to the Government. It will aim progressively to improve the relevant expressions of Civil Service management, including the amount of responsibility placed on the individual and the conditions in which he or she works.

THE MPO's RESOURCES

5. In setting objectives for 1982-83 we have considered our resources, bearing in mind that the Government's policy for civil service manpower will reduce our numbers to 1215 in April 1983 and to 1142 in April 1984. We must continue to carry out the Department's existing commitments, for example competitions which must be run from month to month.

6. The annexed figures 1-4 show how the functions and responsibilities of the MPO are organised; how its costs rise; where functions are located geographically and the space they occupy; and the broad composition of the MPO's staff: more detailed information about the MPO's work and about the staff allotted to it is given in Annexes.

THE OBJECTIVES

7. In setting objectives in the light of the policies and resources noted in paragraphs 2-5, the MPO needs to be selective and to concentrate on the things that most need attention. The objectives it has identified for 1982-83 are as follows.

Objective 1: The Efficiency strategy 1982

8. The Department will carry out its part in the practical programme of efficiency work announced by the Chancellor of the Duchy of Lancaster on 9 December 1981.

(1) It will as necessary help Sir Derek Rayner with further departmental scrutinies in the programme for which he is responsible to the Prime Minister.*

(2) Mr J S Cassels will co-ordinate three Government-wide services:

1. A co-ordinated programme of Resource Control reviews: there will be reviews of the use and control of resources in various executive operations, including some in the Ministry of Defence, the Property Services Agency and the Prison Service.

2. A co-ordinated programme of projects to help departments improve their systems of estimating, monitoring and controlling their Running Costs.

3. A review of Personnel Work in nine departments covering more than half the Civil Service, to see whether this work is being carried out cost-effectively and to the satisfaction of management and staff; in particular whether responsibilities are distributed in the best possible way between personnel divisions and line managements; whether systems adequately cater for the requirements of the work and for the needs and motivation of staff.

---

* Sir Derek Rayner is also responsible to the Prime Minister for the follow-up to the programmes in 1979-81.

Objective 2: The "Lasting reforms" programme

9. The Department will contribute to work by Sir Derek Rayner and the Treasury to complete his programme of lasting reforms in central Government. Among other things this means:

(1) clarifying the managerial authority and responsibilities of Ministers and Permanent Secretaries;

(2) clarifying the nature, purpose and objectives of financial management in Government;

(3) issuing guidance on management accounting;

(4) improving training in financial management both for finance officers and for line managers;

(5) strengthening internal audit.

Objective 3: A programme for long-term development

9. The Department will, in consultation with the Treasury and with other departments, establish a long-term programme for securing the highest professional standards in the management of the work of central Government. The statement of principles of good management in Annex to this memorandum will be the basis of this work. Among the tasks to be undertaken are:

(1) Deciding in which respects general action to improve management is most pressing and what the MPO should contribute to securing it.

(2) Considering in the light of (1) what should be included in the efficiency strategy for 1983.

(3) Strengthening the capacity of Departments for management audit, including the task of conventional techniques (eg staff inspection, management services) and new ones (eg scrutinies).

(4) Giving departmental managers, especially in the line sufficient freedom and incentives to improve the efficiency and effectiveness of their operations.

(5) Considering what practical arrangements can be made to enable some of the savings from improved efficiency to be used in improving the working environment.

(6) Deciding what changes may also be desirable in the requirements laid down by the Treasury and MPO within which departments have to operate.

Objective 4: Management Training

10. MPO will review the selection, training and career management of managers in the Civil Service, with a view to raising standards of management and equipping civil servants with the experience and skills needed to manage to high standards. The particular issues to be addressed here are:

(1) To provide Administration Trainees and comparable staff with firsthand experience of how the work of Government bears on the lives of the public (for example across the counter in local offices or in similar work with local authorities, voluntary organisations or Trade Unions) and on the work of business and industry.

(2) To provide more recruits early in their careers with professional skills relevant to management. The Civil Service College will study the relevance of the qualifications offered by the various institutions outside the Civil Service to the work of Civil Service managers and consider whether the pattern of training at the College should prepare staff for such recognised qualifications.

(3) To develop career management so as to encourage a greater depth of knowledge in particular fields of departmental work, if necessary at the expense of breadth of experience.

(4) As a corollary to (3), to broaden the skills and experience of those in mid-career who are expected to reach the highest levels of management.

(5) To consider the recruitment of managers from outside in mid-career, at Assistant and Under Secretary level, either on short-term secondment or on permanent transfer.

(6) To consider as a corollary to (5), how far we can and should go in making arrangements to enable civil servants in mid-career to take up posts in outside employment, either on short-term secondments or on permanent transfer.

Objective 5: Training of young entrants

11. The MPO will continue to develop the contribution that improved training can make to the efficiency of the Civil Service, but in particular it will make arrangements for the Civil Service to benefit from and contribute to the new training policies announced in "A New Training Initiative: A Programme for Action" (Cmnd. 8455), especially by developing new forms of planned work experience, training and related further education for young entrants to the Civil Service.

Objective 6: Motivation and performance

12. The MPO wishes to help Departments to enhance the motivation and performance of civil servants. It will therefore promote improvements in the Civil Service's practice as an employer. In particular:

(1) The review of personnel work (paragraph 8(2)(3) above) will contribute to this.

(2) The MPO will work for greater delegation of responsibility, more participation in management, and initiatives for better and more productive ways of doing work.

(3) The Civil Service Medical Advisory Service will increase the effectiveness of its occupational health advisory service.

Objective 7: Race relations and equal opportunities.

13. The MPO will seek to ensure that the Civil Service sets an example of non-discrimination in employment:

(1) A review group set up jointly with the unions on employment opportunities for women in the Civil Service will report later this year.

(2) An experimental census of the ethnic composition of some grades in a limited geographical area will be undertaken in the autumn, and reported in the spring of 1983, with a view to establishing a sound statistical method for racial monitoring in the Civil Service.

(3) A Code of Practice advising departments how they should help both disabled entrants and newly disabled serving officers has recently been issued. During the coming year MPO will build on this base to develop the Service's policy on the employment of the disabled in accordance with the Government's decision on the recommendations in the Manpower Services Commission's report on the review of the quota system.

Objective 8: Good management in MPO

14. The MPO will improve its own management and cost-effectiveness. It will be one of the departments in which the scrutiny of systems for estimating, monitoring and controlling running costs (referred to in paragraph 11 (2) b) above) will be carried out.

MANAGEMENT AND PERSONNEL OFFICE
WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01-273 5400
GTN 273 Switchboard 01-273 3000

J S Cassels CB
Second Permanent Secretary

Wm
15/2

9 February 1982

Sir Derek Rayner
Joint Managing Director
Marks and Spencers Ltd

Dear Derek

MPO'S ACTION DOCUMENT

I was most grateful to you for your very rapid response to the first draft version of the MPO's Action Document which I sent you just before you went to Canada. I must confess in retrospect that there was a lot of force in your strictures on that version: in particular I think I was too influenced by the model of an agency (the MSC) submitting its corporate plan to a Minister.

Sent to the Prime Minister by the Chancellor of the Duchy on 5 Feb.

At all events the draft has been very substantially re-cast and I enclose a copy of the latest version. This has got to the point where the Prime Minister has seen it but not had time to look at it in detail and has agreed that we can take consultation on it further. Robert Armstrong is sending it simultaneously to a number of Permanent Secretaries for their comments and we shall also be showing it, in strict confidence, to some union General Secretaries and to the MPO Trade Union Side.

I should be very glad to know what you think of this new version. I hope you will feel that we have been travelling in the right direction.

The main text is designed to be accompanied by detailed annexes which I am not troubling you with and which could be separated from the text and stand alone. I favour publishing them together with the main document, however, in order to give it more weight, and to show that we are planning in detail and not just in terms of broad objectives.

I am sending a copy of this letter to Clive, who already has a copy of the draft document.

Yours ever

J S CASSELS

Govt Mach
file AH

10 DOWNING STREET

From the Principal Private Secretary

8 February 1982

MANAGEMENT IN CONFIDENCE

Dear Jim,

MPO's ACTION DOCUMENT

The Prime Minister has seen the Chancellor of the Duchy of Lancaster's minute of 5 February 1982 with which she submitted the draft of the MPO Action Document.

The Prime Minister has not had time to study the draft in detail but she is content for Lady Young to extend consultation on the document to include certain Permanent Secretaries and, in strict confidence, a number of Civil Service trade union leaders. No doubt at an appropriate stage, when the draft document has been refined further, the Chancellor of the Duchy will wish to consult the Prime Minister again.

Yours ever,

Clive Whitmore.

Jim Buckley Esq.,
Chancellor of the Duchy of Lancaster's Office.

AH

Sent Struck

PERSONAL/MANAGEMENT - IN CONFIDENCE

Mr WHITMORE

cc Sir Derek Rayner

MPO: DRAFT ACTION DOCUMENT

1. I have seen the draft of 3 February, which the CDL has sent to the Prime Minister but not her covering minute.

2. You may find it helpful to have the attached comments. I believe that they are squarely in line with Sir Derek Rayner's views. If I have got it wrong at any point he will no doubt let you know but he will, I am sure, want to ensure that whatever is published does not obscure the fact that his own responsibility is directly to the Prime Minister.

3. If you want a letter to Mr Buckley, I will gladly provide a draft.

CP

C PRIESTLEY
8 February 1982

Enc: Commentary

Noted.
This comes too late to be taken into account in this round of correspondence.
Mr Priestley informed.
AJ
8/2/82

MPO: DRAFT ACTION DOCUMENT

Purpose of the action document

1. As you know, Sir Derek Rayner favours the idea of a published plan of action with a tally of resources attached to it. It is a useful document for higher management beginning (in this case) with the Prime Minister herself. On the dissolution of CSD, the document will also be valuable for such outside interests as the Treasury and Civil Service Committee, as well as for internal Whitehall consumption. So we endorse publication, accepting that it has a rather multiple readership. You will notice, however, that the draft's rather rhetorical language is addressed to MPO staff.

Length and style

2. In general, we think that the document should concentrate on the action to be taken in support of the Prime Minister's broad aims as stated at the end of the quotation on page 1 and, more generally, in support of her overall concern noted in the first sentence of that quotation.

3. So we are not all that enthusiastic about the section headed THE APPROACH (paras. 2 - 8). Much of what is said is axiomatic (paras. 2 - 5); there are some knee-jerk phrases (eg "respond constructively to the need and wishes of staff themselves", para. 5); and the audit function of the MPO is the subject of some rather laborious circumlocution (para. 6).

4. There must be a risk that, when the draft is shown to departments and union officials (however selectively), MPO will come under strong "hands off" pressure from the former and a strong "more goodies for us" pressure from the latter with "I would guess" unavoidably the soggy consequences for the final version.

5. It might therefore be much better to restrict THE APPROACH to something like this:

"The MPO has three functions. First, it will provide advice and services to the Prime Minister in support of her personal responsibilities, notably in respect of senior appointments, the machinery of government and its efficiency. Secondly, it will provide central services to other Ministers and their departments, especially through the Civil Service Commission (recruitment), the Civil Service College (training), the Medical Advisory Service and the development of personnel management policy and practice. Thirdly, it will promote the improvement of Civil Service efficiency and effectiveness, through exercises for which it will be directly responsible itself and through collaboration with the Treasury and other departments, whether on Service-wide or departmental exercises."

"Although each of those functions is important, the last has a special significance. The prime responsibility for the efficiency of the government service lies with the Ministers and the senior officials who have charge of departments. The number of staff the MPO can put into the field is tiny compared with those to be found in departments. Its aim must therefore be selective action in support of the Government's policies for good management. The policy of the centre will be progressively to increase the responsibility of departments for

good management under delegated authority and to establish that this is working well by means of the timely audit and appraisal of departmental arrangements. More generally, while keeping the independent view and responsibilities of a central department, the MPO will aim to assist and to learn from the efforts of departments to improve their management for themselves. For this and other reasons, the MPO will have to make a careful choice of staff, notably from among men and women of the right quality and experience serving in other departments."

"In all its fields of responsibility - including recruitment, training, personnel management, senior appointments and efficiency - the MPO will work on the principle that people are far and away the best resource available to the Government. It will aim progressively to improve the relevant expression of Civil Service management, including the amount of responsibility placed on the individual and the conditions in which he or she works."

The MPO's resources

6. We think that at least some of the material in support of para. 9 should be included in the document - the Organisational Chart on page 5 is useful - but the whole lot, apart from para. 9 itself, might be annexed rather than put in the main text.

7. The Rayner Unit is not shown in the Organisational Chart. That is right. But it is shown separately from "Other Operations" in Figure 2, which is wrong.

The Objectives

8. As already suggested, this should be the centrepiece of the document. Our other comments are:

(1) Objective 1(1): MPO is not responsible for the departmental scrutiny programme. Instead, therefore: "Further departmental scrutinies in the programme for which Sir Derek Rayner is responsible to the Prime Minister".

(2) Objective 1(2): The phrase "under MPO overall direction" is vague. Instead therefore: "co-ordinated by Mr J S Cassels".

(3) Follow-up to the 1979-81 scrutiny programmes (page 10) is not an MPO responsibility. Therefore, either delete or instead: "Sir Derek Rayner is responsible to the Prime Minister for the follow-up to the 1979-81 scrutiny programmes".

(4) The points at (1) - (6) in para. 12 (Objective 2, Long-term programme) should not be listed as questions but as tasks. Instead therefore: "Among the tasks to be undertaken are:

(1) Deciding in which respects action to improve management is most pressing and what the MPO should contribute to securing it" etc.

(5) Logically, Objective 3 (Lasting reforms) should come before Objective 2.

(6) Objective 4(1)(ATs' "real life" experience) is a touch vague: all ATs? What "others"? And if trade unions are to be included why not business and industry, for goodness's sake?

(7) Objective 5 (Training) seems to be a sub-set of Objective 4 (Bringing on good managers).

Prime Minister.
May Lady Young extend her consultations on the draft as she proposes at X? Yes mb. AW 5/2

Chancellor of the Duchy of Lancaster

PRIME MINISTER

MPO's ACTION DOCUMENT

On 9 December I announced to the Sub-Committee of the Treasury and Civil Service Committee that I planned to review the tasks lying ahead of MPO and to publish an Action Document setting out what we intend to achieve and how we intend to achieve it in 1982/83.

Since then a great deal of work has gone into preparing the Action Document. This has involved not only myself, Sir Robert Armstrong and other senior managers in the MPO discussing what the major objectives for 1982-83 should be but also getting each part of the Office to review afresh its activities and objectives and the resources necessary to achieve them. We have now prepared the attached draft of the Action Document. It is at a stage when I should like to extend the area of consultation outside the Office to include some of the Permanent Secretaries of departments that will be affected by what we propose and also, on a strictly confidential basis, a number of civil service trade union leaders. But before taking this step I should be glad to know whether you are content with the shape the document is taking.

X

The document is drafted primarily as a management statement, on the basis that staff of MPO need to know what its priorities are to be and what will be expected of them, but that we have no objection to these things being made public; on the contrary, a clear declaration of our objectives may go a long way towards increasing public understanding of the Government's positive intentions so far as the MPO's work is concerned. This is certainly how I hope the Select Committee and the Press will regard our initiative.

The main text is supported by detailed annexes which, apart perhaps from Annex 1, are not essential reading.

Janet Young

BARONESS YOUNG
5 February 1982

DRAFT of 3 February 1982

THE MANAGEMENT AND PERSONNEL OFFICE: ACTION DOCUMENT, 1982/83

In the message which the Prime Minister sent to the staff of the Management and Personnel Office (MPO) when it was established, she wrote:

> "I have established a Management and Personnel Office reporting to me because, as head of the Government, the Prime Minister is directly concerned with the quality of Civil Service work and management, notably with organisation, efficiency, personnel management and senior appointments, and with the quality and well-being of civil servants.
>
> Of course we need to have effective and sensible systems in Government. But in the end it is people who make the services provided to and by Government work well. I should like all our services to be excellently run and all civil servants to have the confidence that comes from a job worth doing and well done, and to be proud that they work for the public. I look to the new Office to have as its aims improving methods of work and efficiency in the Civil Service and encouraging and helping people to give of their best."

This document describes how we shall set about our task of improving efficiency, promoting good personnel management and encouraging and helping civil servants to give of their best.

THE APPROACH

2. Every government department is itself primarily responsible for its own efficiency, for its personnel management, and for the civil servants who work in and for it. Each department has to judge its own circumstances and needs, and these can and do vary widely from department to department, and within departments.

3. The central departments - the Treasury and the MPO - have complementary responsibilities and must work closely together. If, as a result of what we in MPO do, efficiency in departments and the performance of civil servants improves, that will ease the pressures on public expenditure, will assist the Treasury in their task, and will directly benefit the public. The constraints upon resources of manpower and money for which the Treasury is responsible provide an incentive to departments to make the best use of their resources, and will in their turn reinforce our own efforts.

4. The two departments together are responsible for the framework of terms and conditions which apply throughout the Civil Service and for the well-being and proper functioning of the Service as a whole. There needs to be some measure of central control so as to set standards, to maintain compatibility, and to ensure consistency and equity which are the essence of the unified Service for which we are responsible. In addition we can provide some services better done centrally than departmentally - particularly in the fields of recruitment, of training at the Civil Service College, and in the central management of staff, including succession planning for the key senior policy and management posts.

5. We have to be sufficiently aware and adaptable not to let the framework of the Service become a straitjacket for departments, but to leave room for them to manage their own affairs well, to delegate responsibility down the line and to respond constructively to the needs and wishes of staff themselves. We are there to stimulate, to encourage, to advise and to monitor progress. Our authority will above all depend on the soundness of our advice and the practical usefulness of our influence.

6. To be successful we need to know what is going on in departments. To some extent that means that we must ask them to provide us with information on a regular basis. But that is no substitute for getting out into departments and finding out at first hand: seeing departmental achievements for ourselves, and talking through problems, with those responsible for personnel management and organisation and methods, or with line managers, and with the staff themselves. By finding out for ourselves what each department has accomplished and how it is tackling its problems, we strengthen our capacity to abstract from what is special to that department so as to discover and transmit what may be generally relevant and what it may help other departments to know as they tackle their own problems. In this way we shall seek to be the means whereby effective management practices, management training and the recognition of good management will be advanced in all departments, and their benefits will be felt by both the Service and the public.

7. The exchange of information and advice between the MPO and departments, and the authority with which the MPO carries out its tasks will be strengthened by promoting interchanges of staff

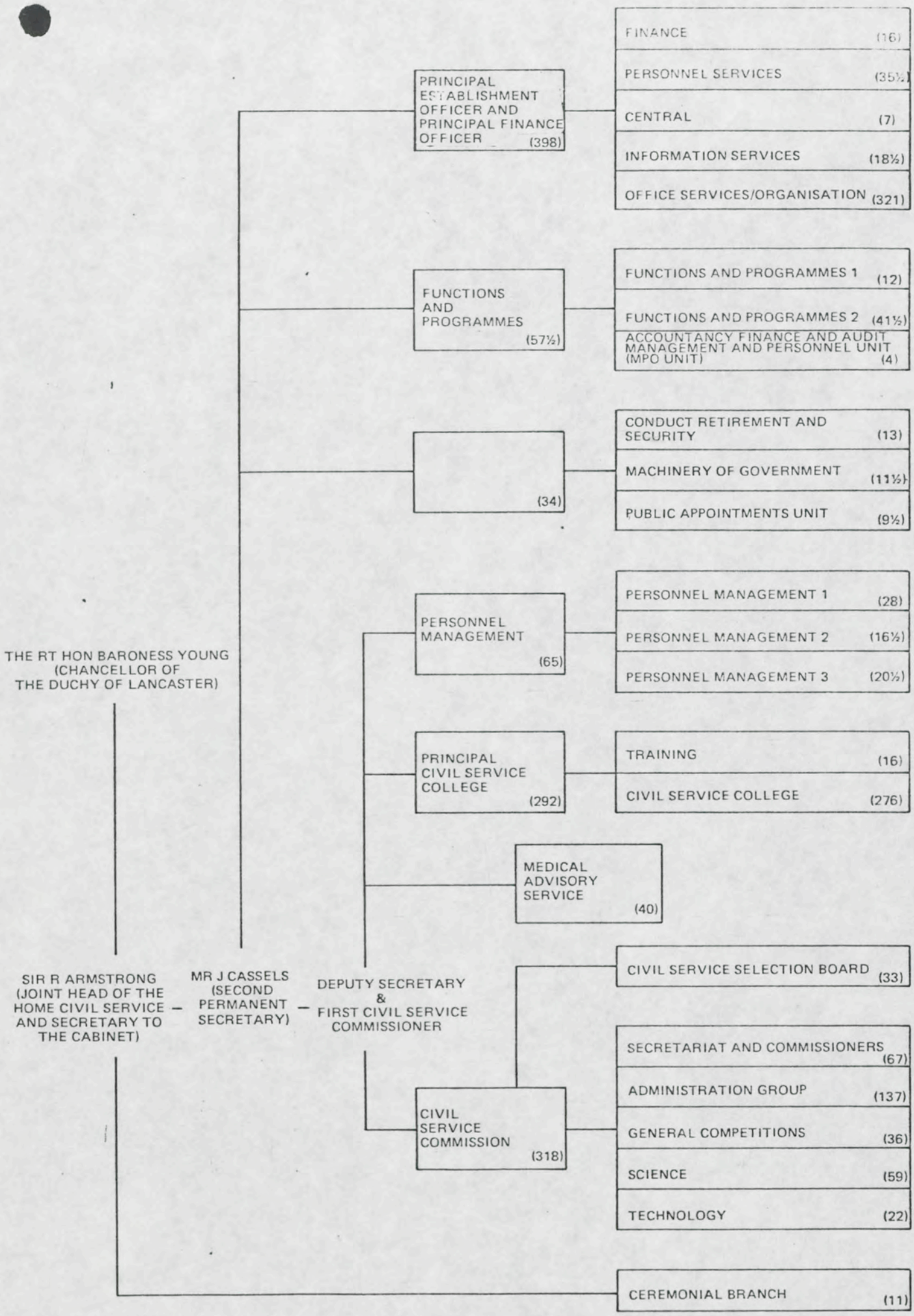
between the MPO and other departments for substantial periods so that there is constant cross-fertilisation of knowledge and expertise.

8. We need also to learn from what happens in local authorities, industry, the universities and in voluntary and other organisations outside the Civil Service, by going out to see those organisations, by bringing people from those organisations to help and advise us and work with us for a time, and by seconding our own people to them where that may be helpful. The same applies to countries overseas.

THE MPO'S RESOURCES

9. Before setting our objectives for 1982/83 we must consider the resources we can bring to bear. Figures 1-4 show how responsibilities are organised within MPO, where our costs fall, how functions are distributed between the available buildings and the office space they provide, and in what proportion we draw on the diverse occupations and skills we need to discharge our tasks.

MPO ORGANISATION CHART FIGURE 1



Footnote

This chart shows the line of management responsibility for MPO staff. The number of staff at 1 April 1982, shown in brackets, does not correspond to the staff figures shown in the annexes since these also include an element for common services staff attributed to each command.

FIGURE 2

MPO's staff and costs in 1982/83 will be distributed as follows:

Organisational Unit	Number of Staff 1.4.82	Total Cost, including notional costs of common services, accommodation etc
Functions and Programmes	76	£ 1,320,000
Rayner Unit	6	£ 138,000
Public Appointments Unit	12½	£ 226,000
Machinery of Government	15½	£ 246,000
Conduct, Retirement and Security	17	£ 249,000
Personnel Management	88	£ 1,446,000
Civil Service College	318½	£ 6,446,000
Training	21	£ 410,000
Civil Service Commission	391½	£ 9,805,000
Medical Advisory Service	53	£ 1,127,000
Central Group ?	141	£ 1,930,000
Ministers Office/Top Management	17	£ 293,000
Other operations borne on MPO Votes (including Ceremonial; Downing Street; Chief Whip, House of Lords etc.)	141½	£ 4,042,000
Total	1298½	£27,678,000

The management responsibility for common services staff lies with Central Group, but in this Figure and in the Annexes these staff and their costs have been attributed to the divisions they serve.

MPO LOCATIONS

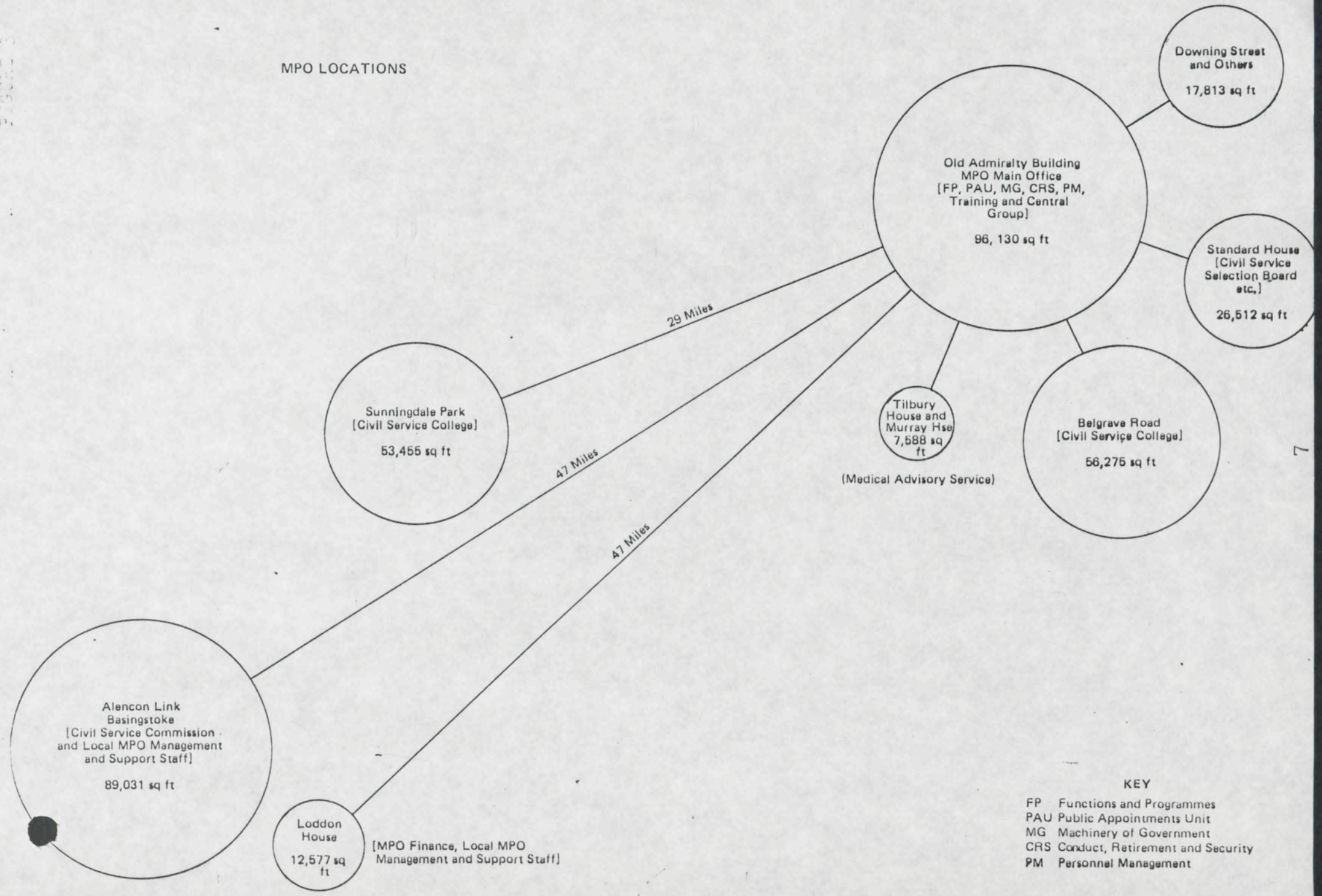
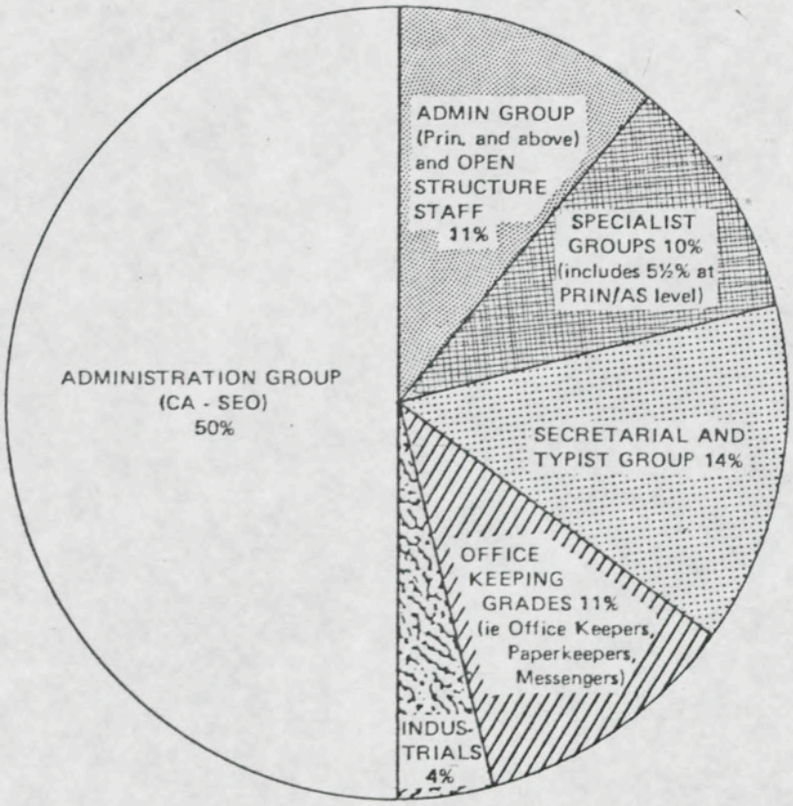


FIGURE 4

PROPOSED DISTRIBUTION OF STAFF IN MPO AT 1.4.82



THE OBJECTIVES

10. Our resources are finite and we plan to reduce them. By the end of 1982/83 our staff numbers will have fallen from nearly 1300 to 1215 and our goal for April 1984 is 1,142, in line with the Government's target of 630,000 for the whole Civil Service. However much we prune inessential tasks we must continue to discharge a baseload of work: operations that already exist and that serve a necessary purpose require time and effort to keep them in good repair. For example, recruitment competitions must be run from month to month, the demands that arise from the day to day press of government business must be met. And so in setting our objectives within our resources we need to be selective and to give special emphasis to the things that require most urgent attention and the things on which we have most to offer. A summary of our review of our work is given in the Annexes attached to this Action Document. The eight major objectives that we have identified and which we shall pursue in 1982/83 are as follows.

Objective 1

11. We shall carry out the practical programme of efficiency work already announced by the Chancellor of the Duchy of Lancaster on 9 December 1981:

(1) Further departmental scrutinies under the general direction of Sir Derek Rayner.

(2) Three Government-wide reviews under MPO overall direction as follows:

a) A co-ordinated programme of resource control reviews: there will be reviews of the use and control of resources in various executive operations, including Defence, the Property Services Agency and the Prison Service.

b) A co-ordinated programme of projects to help departments improve their systems of estimating, monitoring and controlling their running costs.

c) A review of personnel work in nine departments covering more than half the Civil Service, to see generally whether this work is being carried out cost effectively and to the satisfaction of management and staff, and in particular whether responsibilities are distributed in the best possible way between personnel divisions and line managements, and whether systems adequately cater for the requirements of the work and for the needs and motiviation of staff.

We shall also be in close touch with departments, again under the general direction of Sir Derek Rayner, on the follow-up to the 1980 and 1981 scrutiny programmes.
(See Programmes at Annexes 2A 1, 2 and 4; 3 B 2 and 3.)

Objective 2

12. We shall, in consultation with the Treasury and with other departments, establish a long-term programme for securing the highest professional standards in the management of the work of central Government. The statement of principles of good management in Annex I to this memorandum will be the basis of this work. Among the issues to be addressed are:

(1) in what respects is action to improve management most pressing and how can the MPO best contribute to securing it?

(2) in the light of (1), what should be included in the efficiency strategy for 1983?

(3) how can departments most usefully incorporate annual scrutinies in their own management audit programmes?

(4) how can sufficient freedom and adequate incentives be given to departmental managers to improve efficiency?

(5) in particular, what practical arrangements can be made to enable some of the savings from improved efficiency to be applied towards providing a better working environment?

(6) what changes may also be desirable in the framework of requirements laid down by the Treasury and the MPO

within which departments have to operate?

(See Programmes at Annex 2 A 3, 2 B, 2 C, and 2 F.)

Objective 3

13. We shall in collaboration with Sir Derek Rayner and the Treasury complete the work already begun on lasting reforms in central Government. Among other things this means:

(1) clarifying and codifying the managerial authority and responsibilities of Ministers and Permanent Secretaries;

(2) clarifying the nature, purpose and objectives of financial management in Government;

(3) issuing guidance on management accounting;

(4) improving training in financial management both for finance officers and for line managers;

(5) strengthening internal and other forms of audit.

(See Programmes at Annexes 2 E, 2 G; 3 B 1; 6 B 1 and 2, and 6 S.)

Objective 4

14. We shall review the selection, training and career management of managers in the Civil Service, with a view to raising standards of management and encouraging and helping civil servants to equip

themselves with the experience and skills needed to manage to high standards. In particular, and with a view to early action, we shall consider:

(1) how to enable Administration Trainees and others to gain firsthand experience where the work of Government impinges on the lives of the public, for example across the counter in local offices or in similar work with local authorities, voluntary organisations or Trade Unions;

(2) how to enable more recruits to acquire early in their careers a variety of professional skills relevant to management;

(3) how to develop career management so as to encourage a greater depth of knowledge in particular aspects of departmental work, if necessary at the expense of breadth of experience;

(4) as a corollary to (3) how to broaden the skills and experience of those in mid-career who are expected to reach the highest levels of management;

(5) how far we can and should go in recruiting managers from outside in mid-career, at Assistant and Under Secretary level, either on short-term secondments or on permanent transfer;

(6) as a corollary to (5), how far we can and should go in making arrangements to enable civil servants in mid-career to take up posts in outside employment, either on short-term secondments or on permanent transfer.

(See Programmes at Annexes 5 B 1, 2 and 3, 5 C 2, 7 and 12, 5 G 2; 6 A 2, and 6 F.)

Objective 5

15. We shall develop the contribution that improved training can make to the efficiency of the Civil Service. In particular we shall:

(1) study the relevance of the qualifications offered by the various institutions outside the Civil Service to the work of Civil Service managers and consider whether the pattern of training at the Civil Service College should prepare staff for such recognised qualifications;

(2) make arrangements for the Civil Service to benefit from and contribute to the new training policies announced in "A New Training Initiative: A Programme for Action" (Cmnd. 8455), in particular by developing new forms of planned work experience, training and related further education for young entrants to the Civil Service.

(See Programmes at Annex 6 A 3, 6 C, 6 K, 6 L and 6 V.)

Objective 6

16. We shall promote improvements in the Civil Service's practice as an employer designed to enhance motivation and performance of civil servants. In particular:

(1) the review of personnel work (paragraph 11 (2) c) above) will contribute to this;

(2) we shall encourage greater delegation of work, more participation in management, and initiatives for better and more productive ways of doing work;

(3) the effectiveness of the occupational health advisory service provided by the Civil Service Medical Advisory Service will be increased.

(See Programmes at Annex 2 A 1; 4 O; 5 A, 5 D 2 and 3, 5 E; and 8.)

Objective 7

17. We shall seek to ensure that the Civil Service sets an example of non-discrimination in employment:

(1) A review group set up jointly with the unions on employment opportunities for women in the Civil Service will report later this year.

(2) An experimental census of the ethnic composition of

some grades in a limited geographical area will be undertaken in the autumn, and reported in the spring of 1983, with a view to establishing a sound statistical method for racial monitoring in the Civil Service.

(3) A Code of Practice advising departments how they should help both disabled entrants and newly disabled serving officers has recently been issued. During the coming year MPO will build on this base to develop the Service's policy on the employment of the disabled in accordance with the Government's decision on the recommendations in the Manpower Services Commission's report on the review of the quota system.

(See Programmes at Annexes 6 T; 7 H.)

Objective 8

18. We shall take steps to improve the management and cost effectiveness of the MPO itself. The MPO will be one of the departments in which the scrutiny of systems for estimating, monitoring and controlling running costs (referred to in paragraph 11 (2) b) above) will be carried out.
(See Programmes at Annexes 6 H; 9 B, 9 C, 9 F 1 and 2, 9 G, 9 H 1, 9 J, 9 K 4, 9 L and 9 M.)

CONCLUSION

We are a relatively small department and we must continue to devote resources and skill to the inescapable task of maintaining the

central management of the Civil Service in good order. In setting our main objectives for the coming year we have accordingly been selective. Our aim has been to put together a practical programme to which we can immediately set our hands. We believe that this approach offers the best prospect of success in discharging the overall task that the Prime Minister remitted to the MPO - to improve efficiency, to promote good personnel management and to encourage civil servants to give of their best.

Annex 1

DEFINITION OF PRINCIPLES TO BE APPLIED BY ANY WELL-MANAGED DEPARTMENT (see OBJECTIVE 2)

IDENTITY AND AIMS

- The nature and purposes of the department's tasks clearly defined and made explicit by top management;
- Top management committed to a documented strategic plan for developing and maintaining well-managed operations;
- Organisation of work so as to recognise clear lines of responsibility and effective functional links.

LINE MANAGEMENT

- Clear objectives for managers at each level discussed and agreed and, wherever possible, expressed in terms of
  - resource inputs (money; staff; other)
  - outputs (numerical; qualitative; relationship with resource inputs);
- Authority for and requirement on managers to control their resources and secure agreed results through delegation down the line;
- As short a chain of command as possible;
- A management information system which provides relevant cost and other information to managers at each level at intervals necessary for timely responses to be made;
- Formal planning and budgeting arrangements (which incorporate appraisal of out-turn against previous plan and budget).

FINANCIAL MANAGEMENT

- A regime which ensures that the relation between finances and continuing operations is clearly defined and closely controlled;

- The use of management accounting to assist managers to reduce costs, improve efficiency and make good decisions.

PEOPLE

- Commitment to fairness and openness with all staff;
- A conscious policy to make full use of ability and energy of staff at each level;
- Good communication by management down the line and readiness to consult freely;
- The use of coaching, training and communication to enable staff to perform as effectively as they are capable;
- Readiness to listen to complaints and suggestions from staff and their representatives;
- Recognition of good performance and appropriate action on bad performance;
- Purposeful and far-sighted career management.

MARKETING AND PUBLICITY

- Promotion to the outside world of the department's work so as to gain understanding and support;
- Openness/publication of information (internally and externally).

KEEPING OPERATIONS TIGHT

- Regular reviews/scrutinies in depth of policies and programmes;
- Complementing/manning kept under constant surveillance and control;
- Audit instruments of good quality (financial audit; staff inspection; management services).

WORKING ENVIRONMENT

- Policy of making full economic use of office technology/modern office machinery;
- An appropriate standard of working environment.

2. FUNCTIONS AND PROGRAMMES

Staff Nos: 76 (including 18½ common services staff attributed to the command)

Total cost: £1,320,000 (including notional cost of common services, accommodation etc)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
A. Efficiency Strategy 1982			
Programmes			
1. Take the lead in the oversight, co-ordination and follow-up of:			
a. programme of Resource Control Reviews;	April 1983	High	1
b. review of personnel work;	April 1983	High	1, 6
Studies completed, reports submitted to central Ministers and follow-up action taken as necessary, thus securing immediate and continuing improvements in the efficiency with which resources are used in the activities in question (with substantial quantifiable reductions in costs); drawing out general lessons for improved management of the functions in question, including a firm basis for their future resourcing; and making a significant contribution to the development by MPO of general policies for good management.			
2. Support Rayner Unit in central co-ordination and promotion of programme of departmental scrutinies.	Continuing	Medium	1
3. Forward planning of efficiency work.	April 1983	High	2

ANNEX 2

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
To secure Ministerial agreement to coherent programme of efficiency work for 1983 by Autumn 1982.			
4. Follow-up and consolidation of implementation of complete efficiency reviews.	April 1983	High	1
To secure full implementation of agreed recommendations of R & D support services review and continue monitoring of statistics review; to see that good progress is made in implementing the forms review in departments and report on that to Ministers, with recommendations for further action; to monitor implementation of recommendations of scrutinies with particular bearing on MPO objectives.			
B. Contribution to other major studies in departments to improve management, organisation and efficiency.	April 1983	Medium	2
<u>Programmes</u>			
Complete studies and take necessary follow-up action to secure immediate and continuing improvements in the efficiency with which resources are used in the area studied; and to contribute general lessons which make significant contribution to the development by MPO of general policies for good management, in particular by improving management practice, organisational structure and control arrangements.			

ANNEX 2 (cont'd.)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
C. Reviews of activities common to a number of departments. Programmes 1. To improve cost effectiveness and identify cost savings in stores, transport, typing and telecommunications, by completing specific studies with departments, attached where appropriate to Resource Control Reviews. 2. To promulgate general lessons and standards for the efficient management of messenger services, typing, telecommunications and transport. 3. To monitor the action taken by departments on 2. if necessary including further specific studies. 4. To start specific studies similarly on travel, office services, training and other common activities as resources permit.	Continuing	High	2
D. Office Technology Programmes 1. Advising on management organisation and systems aspects of developing office technology; a. to ensure that information technology plays its part in improving efficiency;	Continuing	High	6

ANNEX C (cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
b. to devise policy and promote methods for the efficient appreciation of new technology in the office.			
2. a. To audit the efficiency and effectiveness of selected computer programmes and installations by conducting 8 Project Reviews with CCTA;	April 1983		
b. to enable staff in selected ADP projects to introduce change effectively (continued involvement in IR, PAYE, DVLC, DI & T and others).			
E. Management Audit	April 1983	High	3
Programmes			
In close collaboration with the Treasury and Rayner Unit, to assist departments to develop and strengthen their capacity for effective management audit, with particular reference to management services, and to monitor progress:			
a. to secure the agreement of departments on the role and standards of effective management audit;			
b. within that framework to promulgate tests for the effective performance of management services units and to monitor the extent to which these are being met;			

ANNEX 2 (cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
c. with Treasury, Rayner Unit and the College, to help develop views on the training by the field forces involved in management audit; and to continue with the College to develop and improve training for management services personnel.			
F. Funding of knowledge from scrutinies, reviews, studies etc; contribution to dissemination of good practice and the development of policies for good management.	April 1983	High	2
<u>Programmes</u>			
1. Drawing on departmental studies and lessons emerging from efficiency studies, to agree with departments policies for good management practice, and to assist departments with implementation, adapted to their particular circumstances.			
2. To ensure this knowledge is appropriately reflected in training courses for managers.			
3. To add to and improve the paper on wider lessons from scrutinies etc and consider further with departments how, through training and in other ways, these can get across to line management.			

ANNEX 2 (cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
G. Improvement of financial management as a key part of good management. In particular, the co-ordination and development of the annual scrutiny of running costs and performance indicators based on the annual scrutiny. Programmes 1. Contribute through the financial management co-ordination group and in other ways to central initiatives to strengthen financial management in departments. 2. Assist Treasury to develop and improve the annual scrutiny of running costs for the 1982 run and seek ways to exploit it for practical improvements in the control of running costs. 3. Follow-up any agreed recommendations of the Working Group on key ratios and performance indicators based on the annual scrutiny of running costs.	April 1983	High	3
H. Briefing and publicity on efficiency and management questions exploiting suitable opportunities to get the MPO message across.		Baseload	

ANNEX 2 (cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
I. Providing a service for small "parish" departments - O & M work, study officers for scrutinies etc.	Continuing	Phasing out of this activity: large departments to be encouraged to provide service for their small satellite departments	
J. Miscellaneous Tasks Programmes 1. Editorship of Management in Government. 2. Oversight of departmental staff suggestions schemes and awards to inventors. 3. General policy on the use of management consultants and advice on individual assignments and firms. 4. Dispersal.	Continuing	Baseload	

ANNEX 2 (cont'd)

3. RAYNER UNIT

Staff Nos: 6

Total Cost: £138,000 (including notional cost of common services, accommodation etc.)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
A. Advising the Prime Minister direct and her Ministers on issues which arise ad hoc or have already arisen in the course of Sir DR's assignment, including the Annual Scrutiny of Running Costs, Repayment for Property Services and the Chain of Command Review.	Continuing	High	
B. Efficiency work in 1982			
Programmes			
1. Help the MPO and the Treasury bring to fruition work on lasting reforms	Continuing	High	3
a. Managerial authority of Ministers and Permanent Secretaries;			
b. Aspects of financial management;			
c. Audit staff;			
d. Staff giving of their best.			
2. Lead the scrutiny programme.	April 1983	High	1
3. Association with the Service-wide reviews.	April 1983	High	1

ANNEX 3

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
C. Follow-up to efficiency work in 1981 and earlier			
Programmes			
1. Report to PM on scrutiny programme 1981 and earlier programmes.		High	
2. Report to PM on Review of Administrative Forms.		High	
3. Review of supporting services for R&D.		High	

ANNEX 3
(Cont'd)

4. PAU/MG/CRS

PUBLIC APPOINTMENTS UNIT

Staff Nos: 12½ (including 3 common services staff attributed to the command)
Total Cost: £226,000 (including notional cost of common services, accommodation etc)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
A. To advise the Joint Head of the Home Civil Service and, through him, the Prime Minister, on proposals made by Ministers for major public appointments.	Continuing	Baseload	
B. To determine, co-ordinate and disseminate, as necessary, policy and information relating to public appointments, and advise departments in particular cases.	Continuing	Medium	
C. To provide departments with a focal point on public appointments matters generally.	Continuing	Baseload	
D. To provide information about candidates under consideration or to suggest additional names.	Continuing	High	
E. To provide assistance to departments in filling full-time posts.	Continuing	Low	

ANNEX 4

MACHINERY OF GOVERNMENT

Staff Nos: 15½ (including 4 common services staff attributed to the command)

Total cost: £246,000 (including notional cost of common services, accommodation etc)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
F. To consider and advise the Head of the Home Civil Service on machinery of government issues with a view to maintaining and improving the organisation and allocation of work.	Continuing	High	
G. To advise and guide other departments, generally and individually, on organisational issues and procedures for operating the Government machine.	Continuing	High	
H. To initiate, contribute to and co-ordinate where necessary, the consideration of constitutional issues.	Continuing	High	
I. To advise Ministers and other departments on matters relating to the policy on disclosure of official information.	Continuing	High	
J. To advise on policy on and service machinery for relationships between Parliament and the Executive.	Continuing	High	

ANNEX 4 (Cont'd)

CONDUCT, RETIREMENT AND SECURITY DIVISION

Staff Nos: 17 (including 4 common services staff attributed to the command)

Total cost: £249,000 (including notional cost of common services, accommodation etc)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
K. To formulate and monitor civil service security policy and to advise the Head of the Civil Service and, through him, the Prime Minister.	Continuing	Baseload	
L. To ensure the Civil Service is in a position to respond in civil emergencies and to co-ordinate the Civil Service aspects of contingency plans.	Continuing	Baseload	
M. To co-ordinate policy and advice to Ministers on those aspects of the Parliamentary Commissioner Act which affect civil servants.	Continuing	Baseload	
N. To advise Ministers, senior management and departments on civil service policy on matters of conduct and discipline, particularly in relation to business appointments, political activities and special advisers.	Continuing	High	
O. To advise Ministers and senior management of departments on retirement including premature retirement, redundancy and appeals on procedures; on the interpretation of this policy in relation to individual cases; and on the need for revision.	Continuing	High	6
P. To provide advice to senior management and to other departments on questions relating to the non-financial conditions of service, including secondment, reinstatement, mobility, flexible working hours and public and privilege holidays.	Continuing	Baseload	

ANNEX 4 (Cont'd)

5. PERSONNEL MANAGEMENT

Staff nos: 88 (including 21 common services staff attributed to the command)

Total cost: £1,446,000 (including notional cost of common services, accommodation etc)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
A. To establish broad policies (and rules where necessary) concerning the personnel management of all general service groups.			6
Programmes			
1. Providing advice, guidance and direction on matters affecting the Open Structure and Executive Directing Bands, the Administration Group and specialist groups.	Continuing	Baseload	
2. Providing secretariat for Management Committees of specialist groups; and also for the Working Party on Science and Technology.	Continuing	Baseload	
3. Secretariat for Individual Merit Promotion schemes: the SPAT Scheme: and selection of Scientific Counsellors.	Continuing	Baseload	
B. To ensure that senior posts, and particularly those in the Open Structure, are staffed by people equipped by training and experience to carry out the work as efficiently and effectively as possible.			
Programmes			
1. To encourage departments to identify staff with appropriate potential at an early stage (Principal and equivalent) and plan their postings and training accordingly.		High	4

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
2. Building on the existing succession planning arrangements, to develop, in consultation with departments, arrangements for planning, for staff identified as likely to reach the Open Structure, a programme of postings within the Service, exchanges with other organisations, and formal training which would be provided as appropriate inside or outside the Service; and to monitor the progress made in implementing the programmes.	? by mid 1983	High	4
3. To re-introduce the direct-entry Principal competition and open up recruitment above that level to enable the Civil Service to bring in a wide range of talent, skills and experience; and to consider a direct-entry HEO(D) competition.		High	4
C. To operate, develop and improve procedures for making the best use of people. In particular:			
Programmes			
1. To develop managers by planned programme of seminars, and to follow-up with departments.		High	
2. To keep the AT/HEO(D) scheme running.	Continuing	Baseload	4
3. To operate promotion pooling.	Continuing	Baseload	
4. To encourage EO career development.	Continuing	High	

ANNEX 5 (cont'd).

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
5. To review trawling policy following Commission withdrawal from certification of staff recruited under delegated procedures.	First half 1982	Medium	
6. To examine Personal Rank as a possible alternative to merit pay.	By end 1982	Low	
7. To ensure that specialists likely to reach the higher levels of the Service receive training and experience in administration and management.	Continuing	High	4
8. To review SPATS.	First half of 1982	Medium	
9. To encourage departments to implement the Holdgate Report on the Scientific Civil Service. Further work on development of technological generalists.		High	
10. Review with IPCS of ASO grade.	First half of 1982		
11. Facilitating the return to full effectiveness of civil servants whose efficiency has been reduced by personal or health troubles.			
a. Advising on welfare matters: central coordination of Welfare Service, including training.	Continuing		
b. Campaign to help problem drinkers - fresh guidance to be issued to departments.	January 1982		

ANNEX 5 (cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
c. Review, with MAS, of procedures for referring cases to MAS.	By April 1982		
12. Advising the Joint Head of the Civil Service on Senior Appointments.	Continuing	High	4
13. Providing advice, guidance and direction on individual cases in the Open Structure; the Executive Directing Bands; and the Administration and Specialist Groups.	Continuing	Baseload	
D. To encourage a more open style of management for the better motivation of staff and greater involvement of staff in the organisation and control of their work; and to enccurage the development of departmental programmes. In particular:			
Programmes			
1. Visits to departments to discuss progress with developing departmental plans.	Follow-up action to be completed by mid-1982. Further stages beyond mid-1982	High	

ANNEX 5 (cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
2. Job Satisfaction Team Programmes.	Continuing	Medium	6
3. Experiments in local cooperation between departments for the more effective use of people and of material resources.	Specific to each experiment	High	6
4. Working party on reporting system, review of promotion rules.	Mid-1982		
5. Review of team briefing experiment to improve communications.	Mid 1982		
E. To continue rationalisation and consider development of better grading structures.		Low	6
F. To introduce saving or cost-cutting measures in the personnel management field. In particular:			
Programmes			
1. To review role of Typewriting Training Centres.	March 1983		
2. To review methods of assessing fees charged by TTCs to non-Exchequer bodies.	September 1982	-	

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
G. Central Services			
Programmes			
1. International			
a. To coordinate Whitehall work on staffing of the European Community Institutions, promote appointment of good quality British candidates.	Continuing	Baseload	
b. To set up exchange schemes with the French and Irish Governments.	Mid 1982	High	
c. Advice and information to overseas visitors etc.	Continuing	Baseload	
2. Monitoring interchange schemes (other than above)	Continuing	Low	4
a. with other governments			
b. with industry			
c. between Home and Diplomatic Services.			
3. Trawling arrangements			
a. vacancy trawling			
b. central assistance with redeployment of surplus and non-dispersing staff and compassionate transfer cases.			

6. CIVIL SERVICE COLLEGE, TRAINING DIVISION

CIVIL SERVICE COLLEGE
Staff Nos: 318½ (including 42½ common services staff attributed to the command)
Total cost: £6,446,000 (including notional cost of common services, accommodation etc)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
A. To improve the professionalism of Civil Service managers by providing high-quality training, backed by appropriate research and marketing effort, in subjects and skills which are of wider than purely departmental relevance.			
Programmes			
1. To run the planned programme of about 600 central courses and seminars amounting to about 3,600 course days and approaching 64,000 student days.	August 1983	High	
2. To monitor closely the progress of the recently introduced new style fast-stream training and to report on it to MPO management.	April 1983	High	4
3. To review the aims, market, scope and content of multidisciplinary courses (other than the fast-stream ones) and to make recommendations on possible changes or developments.	September 1982	Medium	5
B. To promote and provide training for Civil Service managers in subjects and skills which the central departments wish to see more widely used in the interests of good Civil Service management. In particular:			

ANNEX 6

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
Programmes			
1. To design and introduce a course designed to give senior administrators appropriate background knowledge of financial management.	September 1982	High	3
2. To review the scope of present College courses in accountancy and audit and to consider what changes are necessary and what gaps need to be filled.	September 1982	High	3
C. To strengthen the teaching base and build up College links with departments by using staff time not needed for training courses either to give specialist advice on demand or to conduct research projects which promise to improve work performance. Review to be made of existing research, and other non-teaching work, to ensure relevance to College aims and adequacy of measurement, control and publication arrangements.	September 1982	Medium	5
D. To promote, through training activities, improved understanding of one another's roles and skills, and therefore more effective co-operation, amongst administrators and professional and specialist groups.	Continuing	Medium	
E. To promote, through training activities, better understanding by UK civil servants of the work and management methods of colleagues in other developed countries, in other parts of the public sector, and in industry and commerce.	July 1982	Medium	

ANNEX 6 (cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
F. To provide a forum for the inter-departmental and wider discussion by senior officers of current policy or management issues where this promises to help the conduct of public business.	Continuing	Medium	4
G. To provide training for departmental training staff and to support the work of Training Division in promoting the wider and more effective use in the Civil Service of sound modern training methods, including computer assisted learning.	Continuing	Baseload	
H. To make maximum cost-effective use of the College's staff and accommodation. In particular:			8
Programmes			
1. To devise with departments a scheme for part repayment by Government departments for attendance at some College courses.	April 1983	High	
2. To review with departments and Training Division the arrangements for making potential students aware of College courses, for identifying needs for new or modified courses, and for identifying and correcting weaknesses in College performance, and to recommend what changes might be helpful.	April 1983	Medium	

ANNEX 6 (cont'd)

TRAINING DIVISION

Staff Nos: 21 (including 5 common services staff attributed to the command)
Total cost: £410,000 (including notional cost of common services, accommodation etc)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
I. Training liaison, advice and development			
Programmes			
1. The provision of a training liaison and advisory service to departments to maintain and improve the efficiency and effectiveness of their training - by regular visits and other contacts.	October 1982	Baseload	
2. Use of the annual Departmental Training Officers' Conference, working groups, interim seminars and events for DTOs and training staff to identify and consider major training issues.			
J. Statistics, costs and cost consciousness			
Programmes			
1. The development and simplification of the Civil Service training statistics so as to enable departments and the MPO to make more efficient and effective use of training resources.	April 1983	Medium	
2. Development of more accurate and effective systems for ascertaining the costs of training and for enabling departments and MPO to make constructive use of this information.	December 1982	Medium	

ANNEX 6 (cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
K. Training scrutinies and reviews			
Programmes			
1. Promote, organise and manage scrutinies into departmental training activities, to be undertaken by departments and MPO jointly, to identify critical issues, options for the use of resources, and lead to better decisions about training.	December 1982	High	5
2. Encourage, promote and participate in more thoroughgoing departmental training reviews in selected departments.	March 1983	High	5
L. Study of what the Civil Service's provision for 16/19 year olds should be, in the light of the Government's New Training Initiative.	April 1983	High	5
M. Joint use of training resources			
Programmes			
1. To investigate the potential for joint use of training resources by departments and to put proposals to the DTO Conference.	November 1982	Medium	
2. To set up, operate and evaluate two separate schemes for joint use of training resources by departments.	November 1982	Medium	

ANNEX 6 (cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
N. Validation and evaluation			
Programmes			
Collect and assess more information on the validation and evaluation of training both from Civil Service and external experience. Create a reference set of validation and evaluation approaches, techniques, and instruments in current use. Aim through working party of DTOs to provide a credible and useful set of validation and evaluation principles and procedures.	June 1982	High	
O. Management training and development			
Programmes			
Maintain regular contact with College and external training organisations on current thinking and developments in management training and management development; assess the value and relevance of these for Civil Service training and where appropriate promote and develop them.	Continuing	Baseload	
P. Continue to encourage and develop effective training of Civil Service trainers	Continuing	Baseload	
Programmes			
1. Follow-up of the Civil Service Training of Trainers report.			

ANNEX 6 (cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
2. Encouraging specific activity on the selection, role and training of management trainers in the Civil Service (with MSD in the College in the lead).			
Q. Training methods and technology			
Programmes			
Keep abreast of developments, eg through study of literature and by external contacts; consider their potential for improving the efficiency and effectiveness of Civil Service training; in the light of this provide advice to departments and encourage and assist them in awareness, understanding, adoption and use of relevant modern training technology and methods.	Continuing	Medium	
R. Small departments and small groups training			
Programmes			
Monitor and review the effect of the decision that other government departments should provide this training instead of the College.	Continuing	Medium	
S. Training in financial management			
Programmes			
1. Co-operate with the Civil Service College and AFA Division in the identification of training needs and advise on the most effective ways of meeting them.	Continuing	High	3

ANNEX 6 (cont'd).

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
2. Commission and take lead responsibility for the development and evaluation of the first module of a self-instructional package on principles of government accounting. Set up trials of first module in departments.	January 1983	High	3
T. Equal opportunities			
Programmes			
1. Encourage and assist DTOs to adopt policies leading to more effective race relations training.		Medium	7
2. Monitor and evaluate experimental management training for "women only".		Medium	7
U. Further education			
Programmes			
1. Establish and monitor the "essential regional co-ordination" arrangements following the closure of the Regional Office.	Continuing	Baseload	
2. Publish "teaching kit" and "case studies" on Civil Service for the Business Education Council's public administration studies.			
3. Maintain and increase our close relationships with BEC to ensure that approved courses of study are geared to our needs.			

ANNEX 6 (cont'd).

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
V. Study of the potential relevance of "professional" qualifications for administrators <u>Programme</u> To consider the relevance of what the various institutions and bodies now offer; to consider whether the pattern of training at the Civil Service College could be geared to provide a coherent long term training pattern which led to a recognised qualification; and to assess the resource implications.	April 1983	High	5

ANNEX 6 (cont'd)

7. CIVIL SERVICE COMMISSION

Staff Nos: 391½ (including 73½ common services staff attributed to the command)

Total cost: £9,805,000 (including notional cost of common services, accommodation etc)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
A. Recruitment			
Programmes			
1. Conduct centralised recruitment for appointments at broadly Executive Officer and equivalent grades and above as follows (numbers approximate);	Continuing	Baseload	
a. Administration Group Division (35,000 applicants for 2500 vacancies)			
b. Science Division (11,000 applicants for 500 vacancies)			
c. Technology Division (7,000 applicants for 700 vacancies)			
d. General Competitions Division (16,000 applicants for 500 vacancies)			
2. Monitor recruitment carried out by departments under delegated authority and certify candidates for appointment.	Continuing	Baseload	
B. Advice and Instructions			
Programmes			
1. Preparation of new Civil Service Order in Council to enable the Commission to withdraw from responsibility for local recruitment. The opportunity will	Autumn 1982	High	

ANNEX 7

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
be taken to consider whether the provisions of the Order in Council require further revision.			
2. Preparation of recruitment instructions and advice for departments who will be taking full responsibility for their own local recruitment.	Autumn 1982		
3. Implementation of changes in Civil Service nationality rules as a consequence of British Nationality Act 1981.	Vesting date of new Act (probably 1 Jan 1983)		
CIVIL SERVICE SELECTION BOARD, RECRUITMENT RESEARCH UNIT AND EQUAL OPPORTUNITIES			
C. To assess rather over 1,000 candidates shortlisted from around 10,000 applicants to fill graduate appointments as follows (numbers approximate);	Continuing	Baseload	
Inspectors of Taxes 100 *Administration Trainees 45 *Diplomats 20 Statisticians 25 Economists 10-15 *Planning Inspectors Not yet known			
*For these entries the final selection decision is made by a separate Final Selection Board.			

ANNEX 7 (Cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
D. To perform a similar function in respect of certain other organisations, including the Northern Ireland Civil Service and the Hong Kong Administrative Service.	Continuing	Baseload	
E. To act as an 'assessment centre' for serving civil servants and diplomats.	Continuing	Baseload	
F. To offer expert advice, so far as resources permit, to bodies such as the Home Office Unit at CSSB (who are concerned with Police, Prisons and Fire Service selection boards).	Continuing	Low	
G. To provide expert psychological advice on all aspects of the Commission's selection procedures and to conduct research into improved selection methods.	Continuing	Baseload	
H. Equal Opportunities		High	7
Programmes			
1. To produce and publish, jointly with Civil Service trade unions and departmental management, a report and recommendations for consolidating improvements in the treatment of women in the Civil Service.	November 1982		
2. To plan, conduct and analyse an experimental census of certain non-mobile staff.	Autumn 1982 - conduct census April 1983 - report conclusions		

ANNEX 7 (Cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
3. In conjunction with individual departments, to carry out a review of the procedures for recruitment, training, allocation to duties and promotion.	April 1983		
4. To develop the Civil Service's policy on the employment of disabled people, in accordance with the Government's decision on the recommendations in the Manpower Services Commission's report on the review of the quota scheme.			

ANNEX 7 (Cont'd)

8. MEDICAL ADVISORY SERVICE

Staff Nos: 53 (including 13 common services staff attributed to the command)

Total cost: £1,127,000 (including notional cost of common services, accommodation etc)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
To help prevent ill health attributable to work in the Civil Service			6
Programmes			
1. Advice to Management on medical problems causing prolonged or frequent absence of employees, on modifications of working conditions and on premature medical retirement.	Continuing	Baseload	
2. To replace the 38 sick bay nurses throughout the Service by 20 nurses who, with occupational health experience or training will undertake health enquiries in delegated recruitment grades.	End 1982	High	
3. To revise procedures and improve communications between CSMAS and management. Re-write appropriate section of Establishment Officers Guide.	Continuing By Spring 1983	High	
4. Surveillance of sickness absence of civil servants and liaison with Safety Officers and Welfare Officers.	Continuing	Baseload	
5. To reorganise the current methods of collecting data on sickness absence and its cause to enable CSMAS to provide soundly based advice to departments.		High	
6. Advice on the medical problems of civil servants serving overseas.	Continuing	Baseload	
7. Advice to the Civil Service Commission on medical aspects of recruitment.	Continuing	Baseload	

Annex 6

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
8. Advice to non-exchequer bodies.	Continuing	Baseload	
9. Medical examinations, apart from Foreign and Commonwealth examinations, of groups of civil servants at special risk.	Continuing	Baseload	
10. Maintenance of professional expertise by hospital consultancies, by attachment to various clinics and attendance at National and International Conferences. Liaison with health education, pre-retirement and similar associations.	Continuing	Baseload	
11. Research into the causes of morbidity in the Civil Service.	Continuing	Medium	
12. Training of sessional doctors, nurses, Local Medical Officers, Welfare Officers, health education in the Civil Service, teaching of Postgraduate students, first aid lectures and examinations.	Continuing	Baseload	

Annex 8 (Cont'd)

9. CENTRAL GROUP

Staff Nos: 141 (although the management responsibility for common services staff lies with this command, these staff and their costs have been attributed to and are shown under the commands they serve)

Total cost: £1,930,000 (including notional cost of common services staff, accommodation etc)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
CENTRAL DIVISION			
A. To conduct MPO's day to day relations with the Select Committee in the best interests of Ministers.	Continuing	Baseload	
B. To assist top management in planning and controlling work of MPO, and to introduce a new planning system.	New planning system by end 1982	High	8
C. To conduct such reviews of MPO's work or such ad hoc tasks as top management may from time to time require.	As required		8
D. To brief the Chancellor of the Duchy of Lancaster as Cabinet Minister with particular responsibilities for the Civil Service on matters where there is no lead interest elsewhere in MPO.	Continuing	Baseload	
OFFICE SERVICES/ORGANISATION/LIBRARY AND INFORMATION GROUP			
E. To maintain necessary common service functions for MPO in London and Basingstoke.	Continuing	Baseload	
F. To reduce accommodation costs and related common service costs. In particular:			
Programmes			
1. To reduce the range of buildings occupied by MPO.		Medium	8

Annex 9

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
Programmes Contd			
2. To contract MPO divisions into more compact areas of OAB to leave usable, self-contained space.		Medium	8
G. To review regularly, the organisation, methods of working and complementing of the Office. To advise top management on the means of securing, and effects of implementing economy cuts. To stimulate the introduction of new technology.	Continuing	High	8
H. To improve the operating efficiency of MPO registries; and increase job satisfaction and raise morale of the staff. In particular:			
Programmes			
1. To reorganise the MPO registry service on the basis of more and smaller registries integrated fully into their divisions.		Medium	8
2. To introduce an inspection system by the Chief Registrar's representative.		Medium	
I. To maintain a central management library service and provide facilities for the circulation of official communications.	Continuing	Baseload	
J. To identify the scope for reducing library and communications costs.		Medium	8

Annex 9 (Cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
FINANCE DIVISION			
K. To control and account for expenditure on the functions of MPO.			
Programmes			
1. PES. To prepare and justify forecast expenditure programme for the MPO within the Annual Public Expenditure Survey.	Feb-July	Baseload	
2. Estimates. To prepare and submit to the Treasury for approval the Estimate of expenditure in the following financial year.	Sept-January	Baseload	
3. Appropriation accounts. To prepare and submit to the C & AG an account of the sum expended in the previous financial year.	April-July	Baseload	
4. Running costs. To conduct a scrutiny of the Office's systems for estimating, monitoring and controlling its running costs.	End 1982	High	8
PERSONNEL SERVICES DIVISION			
L. To ensure that at all times the MPO has the right number of staff and of the right quality, to support the priority aims and tasks of the Office.	Continuing	Baseload	8

Annex 9 (Cont'd)

POLICIES AND PROGRAMMES	TIMESCALE	PRIORITY	SUPPORTS MPO OBJECTIVE
M. To increase the number of exchanges between staff in MPO and those in other departments, in order to give MPO staff necessary outside experience. The new policy to be agreed initially by Permanent Secretaries, and then machinery for implementing it to be set up.	Policy to be established and machinery set up by end 1982	High	8

Annex 9 (Cont'd)

Govt Hosp.

File AH

CCS FCO
CDLO

10 DOWNING STREET

From the Principal Private Secretary

MANAGEMENT IN CONFIDENCE

SIR ROBERT ARMSTRONG

GOVERNMENT HOSPITALITY FUND

I have shown the Prime Minister your minute A07189, and she has approved the transfer of the Government Hospitality Fund from the Management and Personnel Office to the Foreign and Commonwealth Office with effect from 1 April 1982.

I am sending copies of this minute to Mr Fall (Foreign and Commonwealth Office) and Mr Buckley (Chancellor of the Duchy of Lancaster's Office).

AH

20 January 1982

AH

Prime Minister.

This is a long overdue change. Approve the recommendations in paragraph 5? Yes

19.1.82.

Ref. A07189

MR. WHITMORE

One of the organisations for which the Civil Service Department was responsible was the Government Hospitality Fund. When the CSD was wound up last November, responsibility for GHF passed to the Management and Personnel Office.

2. Responsibility for GHF does not lie very easily or naturally with the MPO, and I therefore explored the possibility of transferring the responsibility to the Foreign and Commonwealth Office, who are the main clients of the GHF.

3. I have reached agreement at official level with the Foreign and Commonwealth Office that they should take the GHF over from 1st April 1982. The Treasury are content.

4. The matter has been put to the Chancellor of the Duchy of Lancaster and the Foreign and Commonwealth Secretary. The Chancellor of the Duchy has agreed that responsibility does not lie naturally with the MPO, and is content that it should be transferred. The Foreign and Commonwealth Secretary has agreed to take over.

5. Accordingly I recommend the Prime Minister to approve the transfer of the Government Hospitality Fund from the Management and Personnel Office to the Foreign and Commonwealth Office with effect from 1st April 1982.

6. I am sending copies of this minute to the Private Secretaries to the Foreign and Commonwealth Secretary and the Chancellor of the Duchy of Lancaster.

ROBERT ARMSTRONG

(approved by Sir R. Armstrong and signed on his behalf)

19th January, 1982

Key
Please return to me for filing
17/12.

FILE

JD

cc MPO

10 DOWNING STREET

Also Thanks Kay, 18/12

THE PRIME MINISTER

17 December 1981

Dear Mr Kendall

Thank you for your letter of 1 December.

I believe that your Council's concern about the consequences of my decision to disband the Civil Service Department, and to reallocate its functions to the Treasury and the Management and Personnel Office, is misplaced.

I share your doubts about the ability of any one Department to take on effectively the full range of work covered by both Treasury and CSD; that is why I decided against a full merger earlier this year. It is also why I have now decided that only part of the CSD's work should be transferred to the Treasury. The Treasury's resources have of course been strengthened by an additional Minister of State, Mr. Hayhoe, who takes with him to the Treasury valuable experience as a Minister in CSD; and by the transfer of staff from CSD along with their work. I have no reason to doubt that the Treasury will be able to devote the proper resources to the areas of Civil Service management for which it has now become responsible; indeed, reuniting responsibility for central control of manpower and of Government expenditure should make the work easier in some respects.

I do not believe that the reallocation of responsibilities increases the scope for administrative confusion. Whatever the allocation of responsibilities at the centre of Government, there is need for close collaboration and co-ordination between the

/ Ministers

ds

Ministers and Departments concerned: that was no less true as between the Treasury and the CSD than it will be as between the Treasury and the MPO. In my judgement it makes both logical and administrative sense to bring together the control of manpower and expenditure, and to reflect in organisational terms the close links between the pursuit of efficiency and the selection, development and management of staff. The working relationships already established within the Civil Service Department provide a solid foundation for co-operative arrangements between the Treasury and MPO, and steps are being taken to ensure that these are maintained.

Finally, may I confirm that I am deeply committed to the development and improvement of positive central management of the Civil Service. It was for that reason that I decided that CSD's functions should be reallocated. The efficiency of the Civil Service, and the selection, development, training, motivation and management of its staff, are matters which no Prime Minister can afford to ignore. I believe that the Management and Personnel Office - for which I shall have overall responsibility but which will also continue to have its own Cabinet Minister, the Chancellor of the Duchy of Lancaster, responsible for its day to day operations - will be better placed under the new arrangements to contribute to the development and improvement of Civil Service management.

Yours sincerely

Margaret Thatcher

W.L. Kendall, Esq.

Management and Personnel Office
Whitehall London SW1A 2AZ
Telephone 01-273 } 4400
GTN 273 }

Chancellor of the Duchy of Lancaster

From the Private Secretary

15 December 1981

Willie Rickett
No.10

1 mr Whitmore. 2 PL type for pm.
to see.
WR
15/12

Dear Willie,

...I attach, as requested in your note of 2 December, a suggested reply for the Prime Minister to send to Mr Kendall, Secretary General of the Council of Civil Service Unions.

I am copying this to Jill Rutter (HMT) and David Wright (Cabinet Office).

Yours sincerely,
Jim Buckley.

J BUCKLEY

DRAFT REPLY FOR PRIME MINISTER TO SEND TO MR KENDALL, SECRETARY GENERAL, CSSU

W L Kendall Esq
Secretary General
Council of Civil Service Unions
19 Rochester Row
LONDON SW1P 1LB

DISBANDING OF THE CIVIL SERVICE DEPARTMENT

Thank you for your letter of 1 December.

I believe that your Council's concern about the consequences of my decision to disband the Civil Service Department ~~as such~~, and to reallocate its functions to the Treasury and the Management and Personnel Office, is misplaced.

I share your doubts about the ability of any one Department effectively to take on the full range of work covered by both Treasury and CSD; that is why I decided against a full merger earlier this year. It is also why I have now decided that only part of the CSD's work should be transferred to the Treasury. The Treasury's resources have of course been strengthened by an additional Minister of State, Mr Hayhoe, who takes with him to the Treasury valuable experience as a Minister in CSD; and by the transfer along with their work of staff from CSD. I have no reason to doubt that the Treasury will be able to devote the proper resources to the areas of Civil Service management for which it has now become responsible; indeed, reuniting responsibility for central control of manpower and of Government expenditure should make the work easier in some respects.

I do not believe that the reallocation of responsibilities increases the scope for administrative confusion. Whatever the allocation of responsibilities at the centre of Government there

is need for close collaboration and co-ordination between the Ministers and Departments concerned: that was no less true as between the Treasury and the CSD than it will be as between the Treasury and the MPO. In my judgement it makes both logical and administrative sense to bring together the control of manpower and expenditure, and to reflect in organisational terms the close links between the pursuit of efficiency and the selection, development and management of staff. The working relationships already established within the Civil Service Department provide a solid foundation for co-operative arrangements between the Treasury and MPO, and steps are being taken to ensure that these are maintained.

Finally, may I confirm that I am deeply committed to the development and improvement of positive central management of the Civil Service. It was for that reason that I decided that CSD's functions should be reallocated. The efficiency of the Civil Service, and the selection, development, training, motivation and management of its staff, are matters which no Prime Minister can afford to ignore. I believe that the Management and Personnel Office - for which I shall have overall responsibility but which will also continue to have its own Cabinet Minister, the Chancellor of the Duchy of Lancaster, responsible for its day to day operations - will be better placed under the new arrangements to contribute to the development and improvement of Civil Service management.

cf to file

Mike

MAP 11/XII

The arrangement, which should be cleared with the opposition today, is that for the time being Mr Hayhoe will answer CSD (excluding MPO) type questions during Questions to the Chancellor of the Exchequer and MPO questions in the 10min slot previously occupied by CSD questions

It is the Chancellor of the Exchequer's long term aim to integrate Mr Hayhoe more fully into his ministerial team and as such there should come a time when he will be answering not only CSD questions and when the CST or FST will answer for him (During Chancellor of Exchequer Questions he always has 2 junior ministers answering as well and he wants to return to this when Mr Hayhoe is well settled in.)

T. 7/12.

file

DJS

16/12

10 DOWNING STREET

From the Private Secretary

2 December 1981

Mr. KENDALL

I enclose a letter to the Prime Minister from Mr. Kendall, Secretary General of the Council of Civil Service Unions about the abolition of the CSD.

I should be grateful if you could provide a suitable draft reply for the Prime Minister to send to Mr. Kendall by Wednesday 16 December.

I am copying this letter to Jill Rutter (HM Treasury) and David Wright (Cabinet Office).

W. F. S. RICKETT

Jim Buckley, Esq.,
Chancellor of the Duchy of Lancaster's Office.

File

2 December 1981

I am writing on behalf of the Prime Minister to thank you for your letter of 1 December.

This is receiving attention and a reply will be sent to you as soonaas possible.

W. F. S. PICKETT

W. L. Kendall, Esq.

10 DOWNING STREET

PRIME MINISTER

Here is a letter from Mr. Bill Kendall of the Council of Civil Service Unions, which expresses doubts about the effectiveness of the re-organisation of the Central Departments. I have asked Lady Young to provide a draft reply for you to send to Mr. Kendall.

CRFN

MT

2 December 1981

COUNCIL OF CIVIL SERVICE UNIONS

19, ROCHESTER ROW · LONDON SW1P 1LB · Tel: 01-828 2727-9

Secretary General: W. L. KENDALL
Secretary: P. D. JONES
Assistant Secretaries: B. G. SUTHERLAND HELEN E. HUGHES

The Rt. Hon. Margaret Thatcher, MP,
Prime Minister,
10 Downing Street,
London SW1.

1 December 1981

Dear Prime Minister,

ABOLITION OF CIVIL SERVICE DEPARTMENT

1. I am writing to express the Council's concern at the Government's decision to abolish the Civil Service Department and transfer its functions to HM Treasury and the Cabinet Office, and the likely consequences of this move.

2. You may recall that I wrote to you on 14 August 1980, when the future of the CSD was under review, expressing our views about the central management of the Civil Service and explaining our reasons for doubting the efficacy of merging CSD with the Treasury. The recent decision has not, of course, gone that far, but it nevertheless raises the question of the Treasury's likely effectiveness in running the Service's central management, which was stressed by the Fulton Committee in 1968. We believe that, given the wide range of fiscal, budgetary and economic responsibilities placed on the Treasury, it will be unable to devote sufficient resources to the very important parts of central Civil Service management allocated to it.

3. We are also extremely concerned at the split of responsibilities between the Treasury and the Cabinet Office, with the obvious scope afforded for administrative confusion. The separation of pay from personnel management, and of manpower from efficiency, are examples of what we see as potential areas where division of responsibility runs counter to the "logical cohesion" which the Government rightly ascribed earlier this year to the housing of these inter-related functions in one department.

/4. Finally

4. Finally, I have been asked to express our serious doubts about the effectiveness of the reorganised central management, and our deep concern that the concepts recommended by the Fulton Committee will become submerged. Fulton recognised the need for positive central management of the Civil Service, with particular emphasis on the developmental aspects of personnel management. I am sure you agree with our view that this approach remains fully apposite in 1981, and that our joint interest in having an efficient and effective Civil Service requires a reaffirmation of the Fulton approach. To have any real effect, however, this will require the devotion of adequate resources, including full Ministerial involvement, to the central management of the Civil Service. Your assurance on this point would also be welcomed, please.

Yours sincerely,

W L KENDALL
Secretary General

B/F 3/12

Govt Mtd

DUTY CLERK

Clive is to go to a meeting with Sir Robert Armstrong at 3.00 pm on 4 December to discuss MPO press arrangements with No 10. Bernard is also going: I am not sure if the note I did to Bernard on this subject found its way to Confidential, and that there are in fact subsequent papers. If there are not, I presume Bernard will have them.

Angela

26.11.81

cc Miss Dover
Please note in WR 22/11
GR r
Correspr
Section.

Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 4400

Chancellor of the Duchy of Lancaster

From the Private Secretary

26 November 1981

John Kerr
Principal Private Secretary to the
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON SW1P 3AG

Dear John,

CORRESPONDENCE FOR THE CHANCELLOR OF THE DUCHY AND THE MANAGEMENT AND PERSONNEL OFFICE

On 16 October I wrote to David Hayhoe, with copies to other Private Secretaries, attempting to sort out some of the confusion in correspondence following the Cabinet changes in September. I was concerned that letters were being addressed to the wrong building and were being delayed for that reason and that the Chancellor of the Duchy was not receiving correspondence for a number of Committees. My note seems to have had little impact since a number of letters seem to travelby circuitous routes and we spend too much time requesting copies of correspondence that should have come to us in the first place. The recent dissolution of CSD will no doubt have caused further confusion.

I hate to nag but I would be grateful if those to whom I am copying this could ensure that the appropriate parts of their office take note that:

1. The Chancellor of the Duchy of Lancaster is the Rt Hon Baroness Young and her address is:

   Management and Personnel Office
   Whitehall
   LONDON SW1A 2AZ

   We do not live in the Privy Council Office nor do we wish correspondence to be delivered to the House of Lords except by special arrangement with my office. Although we operate out of the Lords most afternoons all papers need to come to the Management and Personnel Office;

2. The Chancellor of the Duchy is a member of E Committee, as well as E(PSP), E(PU), OD, OD(HD), H, H(HL), L and QL.

Copies of this go to Private Secretaries to members of the Cabinet including Willie Rickett at No.10 and David Wright in Sir Robert Armstrong's Office.

Yours sincerely,
Jim Buckley.

J BUCKLEY

Discuss with Sir R. Armstrong, Mr Cassels & Mr Ingham.

4 xii 81

Ref. A06031

MR WHITMORE

c Mr Ingham

MPO: Press Arrangements

Thank you for your minute of 12 November.

2. I shall be very happy to discuss with you and Mr Ingham (in the first instance) the issues which Mr Ingham's minute raises.

3. The next stage after that would be to discuss whatever was the outcome of our meeting with others, both in the Cabinet Office and in the MPO.

4. As at present instructed, I do not favour Mr Ingham's third option; I think I come out somewhere between the first and second. For various reasons I should like to make the Press Office a "common service" for the Cabinet Office and the MPO. From the Cabinet Office, such an office could handle the business of ACARD, the Information Technology Unit and (probably) the CPRS. We ought to consider whether it could also take on the CSO. But I would want to keep out of the Cabinet Office/MPO Press Office matters for which the Prime Minister has a special personal responsibility and I have a personal responsibility to her: namely security matters, machinery of Government questions, senior appointments and Honours. On all these matters I should want to continue to deal with the Press Office at No 10.

5. We will be in touch about a meeting.

RA

ROBERT ARMSTRONG

19 November 1981

Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 4400

Chancellor of the Duchy of Lancaster

19 November 1981

Willie Rickett
10 Downing Street
LONDON SW1

Mr Whitmore
for information.

Dear Willie

I enclose for information a corrected proof of the Transfer of Functions Order which is needed to legally implement the re-organisation of Central Departments which the Prime Minister announced on 12 November. It has been approved by Sir Robert Armstrong and will be sent to the Privy Council today or tomorrow. It will be convenient that the date for the Order's coming into operation, 7 December, will enable the Chancellor of the Duchy and the Minister of State, Treasury (Mr Barney Hayhoe) to appear before the Sub-Committee of the Treasury and Civil Service Select Committee on 9 December with the MPO and the Treasury fully clothed in their new legal robes.

I am copying this to Peter Jenkins (HM Treasury) and David Wright (Cabinet Office).

Yours sincerely

Douglas Board

D R H BOARD
Assistant Private Secretary

RESTRICTED

STATUTORY INSTRUMENTS

1981 No.

MINISTERS OF THE CROWN

The Transfer of Functions (Minister for the Civil Service and Treasury) Order 1981

Made	24*th November* 1981
Laid before Parliament	1*st December* 1981
Coming into Operation	7*th December* 1981

At the Court at Buckingham Palace, the 24th day of November 1981

Present,

The Queen's Most Excellent Majesty in Council

Her Majesty, in pursuance of section 1 of the Ministers of the Crown Act 1975(a), is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:—

Citation, interpretation and commencement

1.—(1) This Order may be cited as the Transfer of Functions (Minister for the Civil Service and Treasury) Order 1981.

(2) In this Order—

" allowance " includes an allowance in kind ;

" the armed forces of the Crown " includes the women's services of those forces administered by the Defence Council ;

" instrument " (without prejudice to the generality of that expression) includes in particular Royal Warrants, Orders in Council, Orders by Her Majesty, orders, rules, regulations, schemes, byelaws, minutes, agreements and other documents ;

" the Minister " means the Minister for the Civil Service.

(3) Any reference in this Order to the functions of the Minister with respect to any matter includes a reference to any functions of the Minister relating to the exercise of any power to make provision by subordinate legislation with respect to that matter.

(4) This Order shall come into operation on 7th December 1981.

Transfer of functions from Minister to Treasury

2.—(1) There are hereby transferred to the Treasury the functions of the Minister with respect to—

(*a*) the number and grading of posts in the civil service of the State, the remuneration, expenses and allowances of persons employed in that ser-

(a) 1975 c.26.

vice and, so far as they relate to remuneration, expenses or allowances, the conditions of service of such persons ;

(*b*) the pay and allowances of, and the charges payable by, members of the armed forces of the Crown ;

(*c*) pensions, allowances, gratuities and other superannuation benefits (including benefits payable in the case of injury, disease or death) ;

(*d*) the payment of compensation for loss of office or employment or for loss or diminution of earnings or of pension rights or for loss of remunerative time ;

(*e*) the centralised procurement or provision of goods, services and facilities in the following fields, namely computers, telecommunications and catering.

(2) There are hereby transferred to the Treasury as regards persons employed (under whatever title and in any capacity) otherwise than in the civil service of the State or the armed forces of the Crown the functions of the Minister relating exclusively to the determination of one or more of the following matters, namely numbers, grading, remuneration, expenses, allowances and conditions of service.

(3) There are hereby transferred to the Treasury—

(*a*) the functions of the Minister under the enactments specified in the Schedule ; and

(*b*) any functions which immediately before the commencement of this Order are exercisable by the Minister and the Treasury jointly.

(4) There are hereby transferred to the Treasury the functions of the Minister with respect to the remuneration, expenses or allowances of any person or body, not being functions transferred to the Treasury (whether alone or jointly with the Minister) by any other provision of this Order.

Transfer of functions to Minister and Treasury jointly

3.—(1) The functions of the Minister with respect to the appointment or employment of persons (under whatever title and in any capacity) otherwise than in the civil service of the State or the armed forces of the Crown are hereby transferred to the Minister and the Treasury jointly.

(2) Paragraph (1) does not apply to the functions of the Minister transferred by Article 2 or to her functions under section 1 of the Aliens Employment Act 1955(**a**) or section 75(5)(a) of the Race Relations Act 1976(**b**).

Supplementary provisions

4.—(1) In Schedule 2 to the Parliamentary Commissioner Act 1967(**c**) (departments and authorities subject to investigation)—

(*a*) the entry "Civil Service Department" shall be omitted ;

(*b*) there shall be inserted in the appropriate place the entry "Management and Personnel Office" ; and

(*c*) in note 6, as substituted by Article 3(1) of the Minister for the Civil Service Order 1968(**d**) (scope of the references to the Civil Service Department and the Treasury), for "Civil Service Department", wherever occurring, there shall be substituted "Management and Personnel Office".

(2) In section 22(4) of the Attachment of Earnings Act 1971(**e**) (documentary evidence of Minister's determination of certain questions), for "Civil

(a) 1955 (4 & 5 Eliz.2) c.18. (b) 1976 c.74. (c) 1967 c.13. (d) S.I.1968/1656. (e) 1971 c.32.

Service Department" there shall be substituted "Management and Personnel Office".

(3) In section 3(2) of the Government Trading Funds Act 1973(a) (payments to be made out of trading funds into Consolidated Fund)—

(*a*) for "Minister for the Civil Service", where it first occurs, there shall be substituted "Treasury"; and

(*b*) for the words from the beginning of paragraph (*a*) to the end of the subsection there shall be substituted—

"(*a*) where the Treasury is the responsible Minister for the fund, it shall be for the Treasury to determine the sums payable under this subsection, the amount of any payment and the time at which it is to be made; and

(*b*) in other cases it shall be for the responsible Minister to determine the sums so payable in agreement with the Treasury, subject to any directions given by the Treasury as to the amount of any payment or the time at which it is to be made.".

(4) For Article 4 of the Civil Service Order in Council 1978 (power of Minister to make regulations or give instructions for controlling the conduct of the Home Civil Service, and providing for the classification, remuneration and other conditions of service of persons employed therein) there shall be substituted—

"4. As regards Her Majesty's Home Civil Service—

(*a*) the Minister for the Civil Service may from time to time make regulations or give instructions for controlling the conduct of the Service, and providing for the classification of all persons employed therein and, so far as they relate to matters other than remuneration, expenses and allowances, the conditions of service of all such persons; and

(*b*) the Treasury may from time to time make regulations or give instructions providing for the number and grading of posts in the Service, the remuneration, expenses and allowances of all persons employed therein and, so far as they relate to remuneration, expenses or allowances, the conditions of service of all such persons."

(5) Subject to any express repeal or amendment made by this Order, any enactment or instrument passed or made before the commencement of this Order shall have effect, so far as may be necessary for the purpose or in consequence of the transfers effected by this Order, as if any reference to the Minister or her Department or an officer of the Minister (including any reference which is to be construed as such a reference) were ~~or included~~ a reference to the Treasury or an officer of the Treasury, as the case may require. /o

(6) There are hereby transferred—

(*a*) to the Treasury Solicitor, all policies of assurance and rights and liabilities under policies of assurance to which immediately before the commencement of this Order the Minister (or any person on her behalf) was entitled or subject in connection with the functions transferred by Article 2(1)(*c*); and

(*b*) to the Treasury, all other rights and liabilities to which immediately before the commencement of this Order the Minister was entitled or subject in connection with any functions transferred by ~~Article 2.~~ this Order

(a) 1973 c.63.

4.—(1) This Order shall not affect the validity of anything done by or in relation to the Minister before its commencement; and anything which at the commencement of this Order is in process of being done or in relation to the Minister may, if it relates to any of the functions, policies of assurance, rights and liabilities transferred by this Order, be continued by or in relation to the Treasury, ~~or by or in relation to the Minister and the Treasury jointly, as may be appropriate.~~

(2) Any approval, consent, direction or appointment given or made or other thing whatever done by the Minister for the purposes of any of the functions, policies of assurance, rights and liabilities transferred by this Order shall, if in force at the commencement of this Order, continue in force and have effect as if similarly given, made or done by the Treasury, ~~or by the Minister and the Treasury jointly, as may be appropriate.~~

(3) Documents or forms printed or duplicated for use in connection with any functions transferred by this Order may be so used notwithstanding that they contain references to the Minister or her Department, and those references shall be construed as, ~~or as including~~ references to the Treasury; and similarly with references to an officer of the Minister.

Clerk of the Privy Council

Article 2(3)(*a*)

SCHEDULE

ENACTMENTS REFERRED TO IN ARTICLE 2(3)(*a*)

1968 c.14 . . . Public Expenditure and Receipts Act 1968, section 5.

1970 c.10 . . . Income and Corporation Taxes Act 1970, sections 366(3) and 369.

1972 c.48 . . . Parliamentary and other Pensions Act 1972, section 5(2).

1980 c.63 . . . Overseas Development and Co-operation Act 1980, section 12(3) and (4).

RESTRICTED

~~MINISTERS OF THE CROWN~~

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Order in Council transfers to the Treasury some of the functions of the Minister for the Civil Service.

Article 2(1) transfers to the Treasury the functions of the Minister with respect to—

(*a*) the number and grading of civil service posts, the remuneration, expenses and allowances of civil servants and, so far as they relate to remuneration, expenses or allowances, the conditions of service of civil servants (Article 2(1)(*a*));

(*b*) the pay and allowances of members of the armed forces (Article 2(1)(*b*));

(*c*) superannuation benefits (including injury, disease or death benefits) (Article 2(1)(*c*));

(*d*) the payment of compensation for loss of office, employment, earnings, pension rights or remunerative time (Article 2(1)(*d*));

(*e*) the centralised procurement or provision of goods, services and facilities in the fields of computers, telecommunications and catering (Article 2(1)(*e*));

Article 2(2) transfers to the Treasury functions of the Minister relating exclusively to the determination of numbers, grading, remuneration, expenses, allowances and conditions of service of persons serving or employed (in whatever capacity) otherwise than in the civil service or the armed forces.

Article 2(3) transfers to the Treasury functions of the Minister under the Public Expenditure and Receipts Act 1968 (relating to the making of orders varying the level of fees payable for the services of civil servants in connection with certain statutory inquiries), under the Income and Corporation Taxes Act 1970 (relating to the certification for tax purposes of certain payments), under the Parliamentary and other Pensions Act 1972 (relating to the receipt of reports from the Government Actuary), and under the Overseas Development and Co-operation Act 1980 (relating to agreements and designations connected with the employment of persons overseas) (Article 2(3)(*a*) and Schedule). It also transfers to the Treasury functions at present exercisable jointly by the Minister and the Treasury (Article 2(3)(*b*)).

Article 2(4) transfers to the Treasury functions of the Minister, not transferred by any other provision of the Order, ~~with respect~~ to the remuneration, expenses or allowances of any person or body.

~~Article 3 transfers to the Minister~~ and the Treasury jointly junctions of the Minister with respect to the appointment or employment of persons (in whatever capacity) otherwise than in the civil service or the armed forces, not being functions transferred to the Treasury by Article 2 or functions under the Aliens' Employment Act 1955 or the Race Relations Act 1976 concerning the employment of persons by the Crown or by certain public bodies.

The functions not transferred to the Treasury will continue to be exercised by the Minister for the Civil Service but, as a consequence of the changes

brought about by this Order, the name of her Department is to be changed from the Civil Service Department to the Management and Personnel Office. Article ~~4~~ 13(1) and (2) substitute the new name in the Parliamentary Commissioner Act 1967 and the Attachment of Earnings Act 1971.

Article ~~4~~ 13(3) amends section 3(2) of the Government Trading Funds Act 1973 so as to reflect the transfer of functions effected by this Order, and Article ~~4~~ 13(4) similarly amends Article 4 of the Civil Service Order in Council 1978.

Other consequential or supplementary provisions are contained in Article ~~4~~ 13(5) and (6) and Article ~~5~~ 14.

V-C (1)
18th November 1981

35363 11/81 St.S.

From the Private Secretary

RESTRICTED

Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 4400

Chancellor of the Duchy of Lancaster

18 November 1981

Mike Pattison
10 Downing Street
LONDON SW1

Teresa
Any news on this front?
MP 4/XII

Dear Mike,

ORGANISATION OF THE CENTRAL DEPARTMENTS: PARLIAMENTARY ARRANGEMENTS

I thought it might be useful if you had a copy of the attached letter which the Chancellor of the Duchy sent to the Chancellor of the Exchequer on 12 November.

As we mentioned on the telephone the other day, we shall need to tackle the problems of handling Parliamentary Questions on the Civil Service and there is also the question of Mr Hayhoe's appearance before the Treasury and Civil Service Committee on 9 December. I have now been able to arrange for the two Chancellors to meet but not until Tuesday 24 November. In the meantime, those to whom I am copying this (Nick Huxtable (Lord President's Office), Murdo Maclean and Michael Pownall (Chief Whips, Commons and Lords)) might like to be considering how best these questions might be handled.

I am also copying this to Peter Jenkins (Chancellor of the Exchequer's Office) who, as I think you know, is already developing some thoughts on these questions; and to Adrian Carter (Minister of State, Treasury, Commons).

Yours sincerely,

Jim Buckley

J BUCKLEY

RESTRICTED

See Mach

~~copied to~~

(copied to CW LPC)

MR PATTISON

MAP.

TRANSFER OF FUNCTIONS ORDER - TIMETABLE

As requested, I attach a note setting out the procedures and timetable which we have agreed with the First Parliamentary Counsel, and the Treasury Solicitor.

J.G.C.

JEREMY COLMAN
Private Secretary
13 November 1981

THE TRANSFER OF FUNCTIONS ORDER - TIMETABLE

1. The following procedures and timetable have been agreed with First Parliamentary Counsel.

2. The Order will be an Order in Council made under Section 1 of the Ministers of the Crown Act 1975.

3. It will be subject to negative resolution procedure (Section 5(2) of the 1975 Act). This is because the Order will transfer to the Treasury only some of the present functions of the Minister for the Civil Service; the rest will continue to be performed by her, or on her behalf, by her Department which is retitled 'Management and Personnel Office'. Her Department is not being abolished (were it abolished, affirmative resolution procedure would be required).

4. The Order will be put before the Privy Council at its meeting on 24 November, and will (it is hoped) be submitted to the Privy Council meeting by 18 November as required.

5. Orders in Council are normally laid before both Houses of Parliament 5 week days after they are approved by the Privy Council. The Order will therefore be laid on 1 December.

6. The general rule is that negative resolution Orders are brought into effect 21 calendar days after they are laid. On this occasion, however, because it is desired to put the new arrangements into operation in all respects as quickly as possible, it is proposed that the Order should be brought into effect on 7 December; the reasons for doing so, and why the Order could not be laid earlier, will need to be explained to the Joint Committee on Statutory Instruments.

7. The Order may be prayed against at any time within 40 days of its being laid (the days in question being those when both Houses are not adjourned).

2

10 DOWNING STREET

PRIME MINISTER

You may be interested to see Lord Soames' intervention in the Lords yesterday, after Lady Young repeated your Central Department's statement.

MT

13 November 1981

MCB

HOUSE OF LORDS OFFICIAL REPORT

Column 329

12 November 1981

Lord Soames: My Lords, I should like to give my support to the noble Baroness over the broad thrust of this question. For a long time I have felt that divided responsibility for financial control on one hand and manpower control on the other was a bad thing for the Civil Service Department and indeed for the national interest. In view of a false report in *The Times* today, I should like to assure the noble Baroness, lest she should not already know it, that I have consistently held this view and advocated it unequivocally in the proper quarters. I am glad that action is now being taken, but I must say that I am a little worried that it is not going far enough. My fear is that we are substituting one form of divided responsibility for another form, in as much as, if I understand aright—and I had the advantage of reading in the daily editions this morning what I thought to be a fairly authoritative leak —the Treasury (the Chancellor of the Exchequer) will be responsible for pay and for numbers, while my noble friend will continue to have responsibility for what goes under the generic term of personnel management, which includes everything concerned with morale and efficiency. I deeply question whether it is wise to divide one from the other. Perhaps my noble friend will tell me whether or not I have rightly understood the proposal. If I have rightly understood, why was the dividing line drawn just there? I hope that I am wrong.

10 DOWNING STREET

From the Private Secretary

MR. MACLEAN
CHIEF WHIP'S OFFICE

We spoke this morning about the Transfer of Functions Order implementing the machinery of Government decisions announced by the Prime Minister yesterday.

Sir Ian Bancroft's office tell me that the Procedural Note I mentioned to you is now a little out of date. But they have provided the attached up-date.

I have already given a copy of this note to David Heyhoe.

MAP

13 November 1981

THE TRANSFER OF FUNCTIONS ORDER - TIMETABLE

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2. The Order will be an Order in Council made under Section 1 of the Ministers of the Crown Act 1975.

3. It will be subject to negative resolution procedure (Section 5(2) of the 1975 Act). This is because the Order will transfer to the Treasury only some of the present functions of the Minister for the Civil Service; the rest will continue to be performed by her, or on her behalf, by her Department which is retitled 'Management and Personnel Office'. Her Department is not being abolished (were it abolished, affirmative resolution procedure would be required).

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7. The Order may be prayed against at any time within 40 days of its being laid (the days in question being those when both Houses are not adjourned).

Chancellor of the Duchy of Lancaster

Civil Service Department
Whitehall London SW1A 2AZ
Telephone 01-273 4400

12 November 1981

The Rt Hon Sir Geoffrey Howe, QC, MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON SW1P 3AG

C- Mr Towers
Mr JK Moore.

Dear Geoffrey,

ORGANISATION OF THE CENTRAL DEPARTMENTS

Now that the changes have been announced I think it vital that you, Leon Brittan, Barney Hayhoe and I should get together as soon as possible to talk about the framework within which we shall operate.

For my part I have identified a number of questions which I believe we need to sort out right at the beginning. I am determined, as I know we all are, to make the new arrangements work - and work well. I am therefore concerned that from the outset we should organise ourselves to have the smoothest run in, in the interest both of good government and of the staff involved.

Uppermost in my mind are the following questions:

1. Barney Hayhoe and I will be answering for each other in our respective Houses. It goes without saying that we shall need to be well informed on each others patches, but I think we will need to do more than simply copy papers to each other. I suggest we should discuss whether, and how, Barney should attend regular management meetings which I intend to hold in the Management and Personnel Office, and conversely how I should be kept in touch with what you, Leon and he are doing.

2. This leads on to the practical arrangements for Questions. We shall need to take a view on whether there should be a separate slot in the Commons for Civil Service Oral Questions or whether these should be dealt with in distinct MPO and Treasury slots. At present Barney is due to answer Civil Service Questions on 25 November. We should also think about what arrangements we need in our two departments for processing written and oral Questions, and whether for instance there would be advantage in having a joint Parliamentary Clerk. There is bound to be uncertainty initially on which side of the divide Questions fall, and some will straddle the boundary.

3. On 9 December Barney Hayhoe is due to appear before the Treasury and Civil Service Select Committee, principally to talk about efficiency. My inclination at the moment is that, since the responsibility is mine, I had better appear together with Barney.

There will of course be parallel questions for our officials but I think if we get our ministerial arrangements sorted out those should fall into place. I hope we can get together very early next week to talk about this.

I am sending a copy of this to Barney Hayhoe, Sir Robert Armstrong, Sir Douglas Wass, Sir Derek Rayner and Mr Cassels.

Yours ever

Janet

BARONESS YOUNG

Gov Ref 22

SPEAKING NOTE FOR THE PRIME MINISTER'S USE AT CABINET ON THURSDAY 12 NOVEMBER 1981

THE REORGANISATION OF THE CENTRAL DEPARTMENTS.

I shall be announcing in a statement in the House this afternoon that I have decided to reorganise the work of the central departments.

I believe we must unify our arrangements for the central allocation and control of all resources. So I am transferring my responsibilities for Civil Service manpower, pay, pensions and allowances to the Treasury.

Equally, however, we must maintain the priority we have given to improving Civil Service efficiency and I want to continue to be personally associated with this work. So I shall remain Minister for the Civil Service and retain my responsibilities for the organisation, management and overall efficiency of the Service and for policy on recruitment, training and other personnel management matters.

When the Order in Council required to transfer the functions to the Treasury comes into effect, there will no longer be a department known as the Civil Service Department. I shall be assisted by a new Management and Personnel Office. This Office will work closely with the Cabinet Office as well as the Treasury. It will be headed by Sir Robert Armstrong (who will continue as secretary of the Cabinet and head of

/ the Cabinet

the Cabinet Office), with Mr. John Cassels as Second Permanent Secretary. The rest of the CSD will become part of the Treasury.

The new Ministerial arrangements will be introduced on Monday, 16 November. The Chancellor of the Exchequer will deal with all Civil Service manpower, pay, pensions and related matters on my behalf between then and the day the Transfer of Functions Order comes into effect. He will be assisted by Barney Hayhoe, who will be an additional Minister of State in the Treasury. Barney Hayhoe will answer on the whole range of Civil Service questions in the Commons.

On all the responsibilities I shall be retaining as Minister for the Civil Service, the Chancellor of the Duchy of Lancaster will assist me, and she will answer on all Civil Service matters in the Lords.

Sir Ian Bancroft and Sir John Herbecq, both of whom were due to retire by the end of next year, will be retiring at the end of this week as a consequence of these changes. On Sir Ian's departure, Sir Robert Armstrong and Sir Douglas Wass will become Joint Heads of the Home Civil Service.

There will be a lot to be done to make the new organisation effective. One area which it will be necessary to make changes is in departments' accommodation. If we are to get the maximum benefit from the reorganisation, staff at present in the CSD will need to be located as near as possible to the

/ Treasury

Treasury and the Cabinet Office. I am sure that those few colleagues who will be affected will be helpful over this.

MANAGEMENT IN CONFIDENCE

cc Bernard Ingham

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

MPO : PRESS ARRANGEMENTS

I attach a copy of a minute from Mr Ingham to me about the arrangements for handling press matters following the creation of the MPO.

I think that it would be very helpful if you could see him and me fairly soon to discuss the issues he raises. If you agree, perhaps Mr Wright could arrange a time with me.

AWW.

12 November 1981

MR. WHITMORE

CSD's Demise - Press

As I mentioned last night, I think I must raise with you at this early stage the staffing implications of the dismemberment of the CSD and the incorporation of part of it - from our information point of view, the "positive" part - in Cabinet Office.

As you know, we have taken on quite a bit of Cabinet Office work over the last two years without a compensating increase in staff, leaving aside the help provided by secondees towards the end of their brief periods with us. Among the elements are Rayner, Brian Unwin's Information Technology Unit and ACARD, not to mention CPRS and security issues. The workload has latterly been increased by the Lord President's decision to disband his Press Office.

I cannot pretend that Cabinet Office burdens are onerous or that they occupy a great deal of time over the year, though we can, from time to time, be exceedingly busy on some topics. Similarly, I cannot pretend that we are systematic or creative in our information approach to these Cabinet Office responsibilities; we tend to see them rather as jobs to be picked up as and when they arise.

But I think there is a limit to how much more we can take on without a review of how we do so and how we reorganise ourselves to cope with any increase in responsibility.

I think now is a suitable time to pause and think about the extent, if any, to which No. 10 Press Office should take the lead in coping with increasing Cabinet Office responsibilities.

There are a number of possible approaches:

(i) with the acquisition of personnel management, training and efficiency - which offer positive creative elements in Civil Service promotion - Cabinet Office should have its own information set up and which would sweep up the other elements of its

/work

work which we now handle. I am bound to say I do not think this would work particularly well;

(ii) concentrate such information staff as might be acquired by Cabinet Office solely on MPO, leaving us to carry the ball on other Cabinet Office activities with the possible exception of Rayner; this would work much better than (i) above;

(iii) accept the logic of Cabinet Office's development into something like a Prime Minister's Department and formally vest responsibility for all Cabinet Office information effort, including MPO, in No. 10 Press Office, subject to suitable reinforcement; if we went this route, we would have to be sure it did not interfere with our essential tasks.

All this needs some thought - not least how far the Prime Minister wishes to go in acknowledging a de-facto Prime Minister's Department with the co-ordinating responsibility we have long had in Press Office; and how far it is felt wise Cabinet Office should have any information apparatus of its own.

Equally, I think we must examine whether it is intended that MPO should adopt an active, robust and aggressive Civil Service promotion policy which has been so sadly lacking in CSD over the last decade. If so, we shall need carefully to select those information officers charged with that responsibility. The present CSD information staff cannot be described as positive or energetic.

I think it is important over the next few days to address ourselves to these questions and determine them by positive decision rather than allow things to happen by default.

12 November, 1981

B. INGHAM

Ref. A05964

MR. WHITMORE

I should like to use the occasion of the reorganisation at the centre, and the addition it will mean to my own responsibilities, to make a change in practice which I have long believed would be sensible in its own right.

2. If the Prime Minister has no objection, I should like to tell Deputy Secretaries in the Cabinet Office in future to submit direct to her, with copies to me, Cabinet Office briefs for items on the agenda for the Ministerial Committee on Economic Strategy (E), that Committee's Sub-Committee on Nationalised Industries (E(NI)), the Ministerial Committee on Defence and Oversea Policy (OD), and the Ministerial Committee on Exports (EX), save where they are asked to submit a draft to me, for consideration and amendment as necessary before it is put up, or they themselves think that it should come through me.

3. I will ask them to submit briefs in time to give me a chance to see the copies and send a supplementary comment if I see a need to do so. This should be no great hardship, since they already have to prepare draft briefs in time for them to be approved by me and typed fair for submission to the Prime Minister.

4. As for requests from No. 10 for advice ad hoc, I should be grateful if you would continue to direct those all to my office; I can then decide whether I wish to submit advice myself, or to ask one of the Deputy Secretaries to do so direct, copy to me.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

12th November, 1981

HANSARD EXTRACT

Ministerial Statements

Mr. Arthur Lewis (Newham, North-West): On a point of order Mr. Speaker. I have no interest to declare but many hon. Members wish to take part in the business that is to follow. It is, I think, within your prerogative, Mr. Speaker, to suggest to Ministers, including even the Prime Minister, that if they intend to make a statement that will deprive Back Benchers of time in subsequent debates, they should ensure that the statement is not given to the press as happened this morning and in today's midday newspapers. Is it not taking liberties with the House when Ministers come along, as they now do regularly, to make a statement that has already appeared in the press? Would not the best course be for you, Mr. Speaker, to say before questions that you will not allow the statement to be made because you have read it already in the press that day?

Mr. Speaker: I should not like to try on this particular occasion.

Civil Service Department (Transfer of Responsibilities)

3.35 pm

The Prime Minister (Mrs. Margaret Thatcher): With permission, Mr. Speaker, I should like to make a statement on the organisation of the central Departments.

We have made a good deal of progress in the last two and a half years controlling the cost and size of the Civil Service and in improving its efficiency. The Government are most grateful to the Select Committee on the Treasury and Civil Service for all the valuable work it has done in this area and in particular for its report on the future of the Civil Service Department. I look forward to receiving its recommendations as a result of its current study on improving the efficiency and effectiveness of the Civil Service.

I believe that the time has now come when some organisational changes will help us to make sure that the progress we have already achieved is maintained.

Setting up the Civil Service Department 13 years ago had a number of advantages compared with the situation as it existed before. But it had one consequence whose disadvantages have become increasingly apparent over time. It divorced central responsibility for the control of manpower from responsibility for the control of Government expenditure. I judge that the balance of advantage now lies in favour of consolidating the CSD's manpower control responsibilities with the central control of resources.

I therefore propose to reunify responsibility for the central allocation and control of all resources, and to make the Treasury responsible for control over Civil Service manpower, pay, superannuation, allowances and for the Central Computer and Telecommunications Agency. The staff at present concerned with these functions will be transferred to the Treasury.

My hon. Friend the Member for Brentford and Isleworth (Mr. Hayhoe) will be appointed as a Minister of State in the Treasury to help in the discharge of these responsibilities. He will continue to answer in this House for the whole range of Civil Service matters. The duties of the other Ministers of State in the Treasury will remain unchanged, but my hon. Friend the Member for Knutsford (Mr. Bruce-Gardyne) will assume the title of Economic Secretary to the Treasury.

I now turn to the Civil Service Department's other responsibilities. It remains my view that there should not be a total merger of the Treasury and the Civil Service Department. The efficiency of the Civil Service in carrying out its functions and the selection and development of civil servants are as important to the Government as the control of public expenditure. The machinery of Government should make special provision for this, since it is a subject in which any Prime Minister is bound to take a close personal interest.

I shall therefore continue to be Minister for the Civil Service and to be responsible for the organisation, management and overall efficiency of the Home Civil Service and for policy on recruitment, training and other personnel management matters. My noble Friend the Chancellor of the Duchy of Lancaster will, as at present, discharge these responsibilities on a day-to-day basis. She will also answer in another place for the whole range of Civil Service matters.

Mr. Anthony Grant: Will my right hon. Friend consider the consequences of the intrusion into Swedish waters of a Soviet submarine, which was clearly established to be there for the purposes of espionage and nuclear warfare? Does not this emphasise the vital importance of unity and co-operation among the countries of the Council of Europe as well as within the EEC? Will she therefore confirm that it remains Britain's policy to support and participate in the Council of Europe?

The Prime Minister: On the last point, it remains Britain's policy to participate in the Council of Europe, which we recognise performs a valuable function and which includes countries that are not members of the EEC such as Sweden. The incident to which my hon. Friend refers highlights the need to be extremely diligent and to keep our defences on the alert.

Mr. Foot: Returning to the question put by my hon. Friend the Member for Blackburn (Mr. Straw), do I take it that the Prime Minister has confirmed the figures that he gave? Does she not find it astonishing that the average family in this country is now paying an extra £12·25 per week in Government-imposed taxation? How does she reconcile that with her election statement that she was determined to build real incentives for all into our tax system?

The Prime Minister: I repeat what I said to the hon. Member for Blackburn (Mr. Straw). The percentage increase in rates and taxes for the average family was approximately the same before the latest supplementary rate demands were issued. On the right hon. Gentleman's specific question, taxation would have been very much higher under a Labour Government. I look forward once again to hearing his proposals for reducing public expenditure. Otherwise, we must conclude that the right hon. Gentleman is giving notice that he would simply print the extra money so that Britain would once again be on the way to the IMF.

Mr. Foot: I am asking the Prime Minister to confirm that under the Conservative Government taxes for the average family have risen by more than £12 per week. Does she think that that is what she told the electorate at the general election?

The Prime Minister: Taxes for the average family have indeed increased. As I have frequently explained to the right hon. Gentleman, if we are to maintain prudent and sound financial policies, we should not finance increases in public spending by printing money, as I believe that the right hon. Gentleman would. At least we have the honesty to finance them properly by taxation.

Mr. Dickens: Will the Prime Minister, in the course of her busy day, find time to consider initiating four or five major capital projects to be financed by the City?

The Prime Minister: If capital projects can be financed by the City, it is naturally at liberty both to finance them and to set them up. The trouble with some of the schemes put to us is that either they require Government guarantee or they are schemes started by monopoly industries that could put up the price sufficiently to finance the borrowing. That would have a very adverse effect on the private sector.

Mr. Price: Can the Prime Minister clear up one discrepancy between her statement about Mr. Leo Long's espionage activities and the statement of the Attorney-General? The right hon. Lady said that there was one other individual to whom inducements had been given and the Attorney-General said that there were a few other individuals. Will the Prime Minister tell the House what are the facts and what number the Attorney-General was referring to in speaking of a few individuals being offered inducements to confess?

The Prime Minister: If the hon. Gentleman looks closely at both statements, he will find that my right hon. and learned Friend the Attorney-General gave the numbers, a few, to whom an informal inducement had been offered. I gave the number—*[Interruption.]* This is extremely important and I am trying very hard to get it right in response to a question from the other side of the House. I am trying to get it accurate. He gave the number of cases, a few, in which informal inducements had been offered. I gave the number from whom a confession had come as the result of an informal inducement. The two are perfectly compatible.

The staff involved in these functions will work alongside the Cabinet Office in a new Management and Personnel Office. Sir Robert Armstrong will be Permanent Secretary of this office and will also continue, as the Secretary of the Cabinet, to head the Cabinet Office. He will be assisted on the business of the new office by a second Permanent Secretary, Mr. John Cassels.

An Order in Council will be necessary to transfer the responsibilities for Civil Service manpower and remuneration to the Treasury. The order will be laid before Parliament shortly. In preparation for its coming into effect, the new arrangements will be introduced administratively from 16 November. During the interim period, the Chancellor of the Exchequer will have charge, on my behalf, of the functions to be transferred to the Treasury. Thereafter, there will not be a Department known as the Civil Service Department. There will be some staff savings as a result of the new arrangements.

Sir Ian Bancroft, head of the Home Civil Service and permanent secretary to the Civil Service Department, and Sir John Herbecq, the second permanent secretary, both of whom were due to retire by the end of next year, have with characteristic public spirit accepted that these changes mean their departure from the public service some months early. Both have had long and distinguished careers in the public service, and have served the nation with all the devotion and integrity that we expect from our public servants. Sir Ian served successive Chancellors of the Exchequer with conspicuous distinction. He did much to build up the Department of the Environment before becoming head of the Civil Service in 1977. I am sure that the House would wish to join me in this expression of appreciation and gratitude for the many years of distinguished service that both he and Sir John have given to the country. On Sir Ian Bancroft's retirement, Sir Robert Armstrong and Sir Douglas Wass, the permanent secretary to the Treasury, will become joint heads of the Home Civil Service.

Arrangements are in hand to explain to all the staff of the CSD how they will be affected by the reorganisation. Both the Council of Civil Service unions and the trade union representatives of the CSD's staff are today being informed of the details of the new organisation.

I have placed in the Library copies of a note setting out the distribution of functions between the Treasury and the management and Personnel Office.

Mr. Michael Foot (Ebbw Vale): The right hon. Lady has made an important statement that affects both the efficiency of the Civil Service and the welfare of those employed by it. However, it seems to be a volte-face—I shall not use the offensive term "U-term"—compared with the statement that the Prime Minister made a few months ago. I hope that she will provide more information as to why that has occurred. I hope that there will be a debate in the House so that hon. Members will be able to discuss her proposals.

What consultations have taken place with the unions and staff concerned? The Prime Minister said that they were being informed of the proposals today, but have there been proper consultations about the people who work in those Departments? Why does she now reject the advice of the Civil Service associations who have given her and her predecessors advice on these matters? Will the Prime Minister tell the House why she has changed her mind since her statement in January, when she told the House that she had decided to strengthen and improve the existing Civil Service Department organisation, rather than to merge the two Departments? Has her mind or the Government's mind been in any way affected by the industrial action earlier this year?

Will the Prime Minister give the House an assurance that the new Management and Personnel Office will have all the power and authority of a Department of State? Why does she consider that the diffuse control of the Civil Service will necessarily make it more efficient? Why does she consider that the Treasury has had such brilliant successes in the last few years that extra powers and authority should be transferred to it?

I join the Prime Minister in her tribute to the individuals and high officials whose names she recorded. I knew some of them and I wish them every success. However, the announcement by the Prime Minister of the dizzy promotion of the hon. Member for Knutsford (Mr. Bruce-Gardyne) to the high post of Economic Secretary to the Treasury will cause terror and derision throughout Whitehall.

The Prime Minister: With regard to the right hon. Gentleman's latter point, my hon. Friend the Member for Knutsford (Mr. Bruce-Gardyne) will carry out the same responsibilities that he carried out previously. I am surprised that a change of name makes such a dizzy change in the right hon. Gentleman's reactions.

We are not transferring the whole of the Civil Service Department to the Treasury, simply a particular part of it. Experience has continually shown the disadvantages of divorcing the management and control of expenditure on manpower resources in central Government from the management and control of Government expenditure as a whole. That is why the change is being made. Those sections of the CSD will now be closely in tune and in touch with policy changes on resources and control. The efficiency units in the management and personnel parts of the CSD will now amalgamate with the Rayner unit, which hitherto has been under the office of the Prime Minister. It will become a management and personnel office and will therefore be closer to policy-making in general.

There were not advance consultations with the unions. It is difficult in a matter of the machinery of Government, of which the first formal notice should come to the House, to hold such consultations. We are very sensitive that Parliament should be the first body to be told. That is the way in which to proceed.

Mr. Edward du Cann (Taunton): Does not my right hon. Friend agree that vastly more important than the location or the chain of command of the CSD—or whatever its new name is to be—is that it should continue to be an arbiter of the effectiveness and efficiency of the Civil Service? It is disappointing that that has not always been the case in recent years. It remains the policy of the Government to bring about that desirable state of affairs and to raise the standards of the great Departments of State—which, alas, vary so much—to the standards of the highest. Ministers also have a substantial responsibility for that.

With regard to the point raised by the hon. Member for Newham, North-West (Mr. Lewis), is my right hon. Friend able to shed any light on the leaks in the newspapers this morning? Is it not agreed that it is most offensive to

[Mr. Edward du Cann]

the House that we should read the Government's proposals almost verbatim in the newspapers before we hear them here?

The Prime Minister: I found those reports in the press today as offensive as did my right hon. and hon. Friends. I cannot shed any light on the leak. The first we knew about it was when we received questions from the press late last night. I do not believe that the leak came from my office. I do not know where it came from. I, too, found it as offensive as my right hon. Friend.

I agree with my right hon. Friend that it is important to get the maximum efficiency. That is why we have the Rayner unit in my office, and why Ministers and permanent secretaries are taking a fresh interest in securing the maximum efficiency within their Departments. I hope that the new office will assist in that direction.

Several Hon. Members *rose*——

Mr. Speaker: Order. I have an exceptionally long list of hon. Members who hope to participate in the main debate. I therefore hope that hon. Members will co-operate during questions on the Prime Minister's statement and be as brief as possible, because a Business Statement is to follow before we reach the main business.

Mr. J. Enoch Powell (Down, South): In spite of the length of the intervention by the Leader of the Opposition, is there any necessity or justification for the time of the House to be taken up by a long and detailed statement, including notification of personnel appointments and retirements in the Civil Service, such as that which has been inflicted upon us this afternoon by the Prime Minister?

The Prime Minister: I am not usually accused of making too many statements—rather, too few. If the House does not wish me to make statements on these matters, I shall refrain from doing so in future.

Sir Timothy Kitson (Richmond, Yorks): Will there be any financial savings following the reorganisation and, if so, what will they be?

The Prime Minister: I believe that the main financial savings will accrue eventually from putting the manpower control division in the Treasury. That should lead to very much greater efficiency than we have seen in the past few years.

Mr. Richard Wainwright (Colne Valley): Is the Prime Minister aware that, although she referred in passing to the Select Committee on the Treasury and Civil Service, she omitted any reference to its unanimous report in the previous Session which recommended against the sort of changes that she has announced, but made constructive proposals for improving the CSD? The right hon. Lady also did not controvert, or attempt to controvert, the Committee's statement that manpower is a different sort of resource from others and that managing people calls for special skills, not least the ability to negotiate effectively with trade unions?

The Prime Minister: When we received the Select Committee's report we implemented a number of changes that it recommended. Since then it has become increasingly difficult to operate at greatest efficiency with the control of manpower separate from the control of expenditure. I am sure that from the point of view of the best allocation of resources we have made the best decision. We look forward to receiving the report on efficiency throughout the Civil Service which I know the Select Committee is engaged upon.

Dr. Jeremy Bray (Motherwell and Wishaw): Will the Prime Minister answer the question of my right hon. Friend the Leader of the Opposition? What has happened since 29 January when she specifically said that she did not wish to merge the CSD with the Treasury because

"all concentration would go on reorganisation rather than on dealing with the true problem"—[*Official Report*, 29 January 1981; Vol. 997, c. 1070.]?

Does she not feel that there is a danger of weakening the responsibility of departmental Ministers for the management of their own Departments in this gathering to herself and her office of greater responsibility for management and personnel in the Civil Service?

The Prime Minister: On the hon. Gentleman's latter point, the Prime Minister is the head of the Civil Service and I do not think that he can accuse me of arrogating greater powers to myself. That is not the point at all. On the hon. Gentleman's first question, I said that it has become increasingly difficult to operate separate control of expenditure and control of manpower. I am sure that we have taken the right managerial decision and that now is the best moment to take it.

Mr. Raymond Whitney (Wycombe): May I congratulate my right hon. Friend on the decision to abolish the CSD which, over the past 13 years, has, it is sad to note, made a net negative contribution to the efficiency of the Whitehall machine? Will she assure the House that the Government will take the opportunity of the reorganisation to strengthen the role of the Cabinet Office in the co-ordination, planning and presentation of Government policies?

The Prime Minister: I am grateful to my hon. Friend. It will help many of those engaged on the management and personnel side of the former CSD to be more closely attached to the work of the Cabinet Office, which is a policy-making office. Much of their main work will be in improving efficiency, although, strictly, that falls finally within the sphere of each departmental Minister.

There are many wonderful young people in the Civil Service Department who are anxious to have as much influence as possible on increasing the efficiency of the Civil Service as a whole. I hope that the new arrangements will meet with their approval and that they will enjoy working in their new Departments.

Mr. Stanley Cohen (Leeds, South-East): On a point of order, Mr. Speaker. May I ask for your guidance? I note from our Order Paper that Prime Minister's questions start at 3.15 pm, but is there a limit on how long they should continue? The Leader of the House has to announce next week's business and there is an important debate to follow that. Is there any constitutional rule——

Mr. Speaker: Order. The hon. Gentleman may have overlooked the fact that this is not Prime Minister's Question Time. The Prime Minister has made a statement and at 4 o'clock I shall pass on to the next business.

Mr. John Garrett (Norwich, South): Will the Prime Minister agree that her proposals make no sense in management terms? How can it be right to give

responsibility for pay to the Treasury and responsibility for industrial relations to the Cabinet Office, unless industrial relations now count for nothing? How can it be right to put manpower control in the Treasury and efficiency in the Cabinet Office? Is it not a fact that this has nothing to do with a rational analysis of the functions of Government, but is one of her terrible tantrums over the success of the Civil Service strike?

The Prime Minister: It has been argued that the whole of the CSD should go into the Treasury, but as there was already an efficiency unit in the Prime Minister's office, under Sir Derek Rayner, I felt it best that the other functions of the CSD, apart from those connected with pay, pensions and allowances, should be exercised in relation to the efficiency unit in my office. The unions will deal both with the Management and Personnel Office and with the Treasury, according to the matters involved in the consultations.

I deliberately refrained from putting everything back into the Treasury. I believe that the Civil Service Commission, in dealing with matters of recruitment, will be better if it is kept separate and that the Management and Personnel Office is the best place for that.

Dr. David Owen (Plymouth, Devonport): Is the Prime Minister aware that many people will view her statement with some anxiety, lest it be the first step towards a Prime Minister's Department? There may be some important constitutional issues involved in the decision. Can the right hon. Lady confirm that no previous Prime Minister has ever seen his responsibilities for the Civil Service as being to hold executive responsibility and managerial responsibility for such important areas of overall Civil Service policy and that previously that responsibility has been designated to another Minister? What makes the Prime Minister believe that concentrating power in her office is the right way of proceeding?

The Prime Minister: I do not think that the right hon. Gentleman could have heard everything I said. The Management and Personnel Office will be attached to the Cabinet Office and the efficiency unit, which was in my office, will go to form part of that management and personnel unit. With regard to the Prime Minister taking executive responsibility, I pointed out carefully in my statement that those responsibilities will continue to be discharged in exactly the same way as they are now, either by my hon. Friend the Member for Brentford and Isleworth (Mr. Hayhoe), who will go to the Treasury to discharge them, or by my noble Friend the Chancellor of the Duchy of Lancaster, who will discharge the day-to-day responsibilities in the Management and Personnel Office in the same way as she does in the CSD now.

Mr. Nigel Forman (Carshalton): Is my right hon. Friend aware that her package of decisions is amply justified by the disappointing record of the CSD in the years since the Fulton report? Will she undertake to come back to the House in due course, perhaps in a few months, with a report on the savings in manpower and money that may flow from her wise decision?

The Prime Minister: I am grateful to my hon. Friend. If we were starting again, I do not think that we would set up the CSD in quite the same way as it was set up. I believe that my hon. Friend's conclusion is correct. In the past few years the CSD has reduced its own staff by about 10 per cent. We shall certainly keep a careful watch on the points that my hon. Friend has raised, and report back.

Mr. Michael English (Nottingham, West): I congratulate the Prime Minister on grasping a nettle that has been around for at least four years. Will she congratulate her hon. Friend the Member for Cirencester and Tewkesbury (Mr. Ridley), who was one of the two people who drafted the recommendation in the 1977 Expenditure Committee report, which she has now substantially implemented? Does she agree that that shows that if a Select Committee takes two years to consider the Civil Service—the first time in 106 years that hon. Members had considered the Civil Service as a whole—it demonstrates the strength of bipartisan Select Committees on such matters?

The Prime Minister: I am grateful to the hon. Gentleman. I was aware of the conclusions of that Committee and am glad of the hon. Gentleman's support and the support of all those who constituted the Committee under his chairmanship.

Mr. Philip Holland (Carlton): Can my right hon. Friend give an assurance that the demise of the CSD will in no way dilute the follow-through on the recent advice and instructions issued to all Departments on the subject of non-departmental public bodies?

The Prime Minister: I am glad to give my hon. Friend that assurance. I hope that the subject in which he has taken a foremost interest will continue to be prosecuted vigorously by Ministers in charge of Departments.

Mr. Charles R. Morris (Manchester, Openshaw): Would the Prime Minister explain what contribution to Civil Service efficiency will stem from having a two-headed Civil Service administration? Does she recall the phrase she used in her White Paper of February of this year when she said that the functions of the Civil Service Department had a logical cohesion which it would be harmful to split? How can she justify not only splitting it but splitting it three ways?

The Prime Minister: I have explained the reasons for the split, but the split is two ways, not three ways. Those who go to the Treasury will come under Sir Douglas Wass, and the others will be under Sir Robert Armstrong in the Cabinet Office. They will be joint heads of the Civil Service. The right hon. Gentleman is right in that there have not previously been joint heads of the Civil Service, but I am sure that it will work extremely well.

Several Hon. Members *rose*——

Mr. Speaker: If hon. Members will be brief, I shall try to call those who have been rising. *[Interruption.]* Those groans come from hon. Members who have not been seeking to catch my eye.

Mr. Tim Eggar (Enfield, North): I congratulate my right hon. Friend on this welcome decision. Is she aware that the evidence to the Treasury and Civil Service Sub-Committee showed quite clearly that the CSD was not doing an effective job, in stark contrast to the work being done by Sir Derek Rayner and his team? Can we now expect that a proper management accounting system will be brought into all Departments, not only the Department of the Environment?

The Prime Minister: I hope that the amalgamation of those two units into the Management and Personnel Office will help both to carry out their responsibilities as efficiently as possible. I am aware that the management accounting unit to which my hon. Friend refers is now being set up in the Department of the Environment. I hope that that will act as a model for other Departments.

Mr. Robert Sheldon (Ashton-under-Lyne): Why on 29 January did the right hon. Lady agree that the Civil Service Department should continue its separate existence when now, a few months later, she is trying to join them once again?

Is the right hon. Lady aware that it will not end here? When these matters of pay are dealt with in the Treasury, they will have to go all the way up to the Chancellor of the Exchequer. The trade unions will not be satisfied with meeting the Chief Secretary to the Treasury, as the right hon. Lady's spending Ministers are: they will want to go to the person who makes the final decision. The work of the Treasury will be increased and there will be a concentration of power without the ability to resolve problems any more satisfactorily than at present.

The Prime Minister: I disagree with the right hon. Gentleman. My hon. Friend the Minister of State, Civil Service Department, will continue to carry out the work he is now doing. He has been doing that work in the CSD. He will be doing it in the Treasury. The trade unions will deal with him and they will also consult my right hon. and noble Friend the Chancellor of the Duchy of Lancaster.

In any event, these matters had previously to come either to me or to the Chancellor of the Exchequer, or groups of Ministers. The system in that respect will not be different.

Mr. Barry Henderson (Fife, East): Is my right hon. Friend aware of the vital role that information technology can play in efficiency in the Civil Service, from her own office down? Will she assure the House that the changes proposed today will not affect the development of the work of the Central Computer and Telecommunications Agency. Might this not be an opportunity for shifting the responsibility for the agency to my hon. Friend the Minister for Industry and Information Technology?.

Will my right hon. Friend also assure the House that these changes will not in any way affect the dispersal of Civil Service jobs in Glasgow?

The Prime Minister: There will be no change whaever in the dispersal programme of the Civil Service as a result of these changes.

I hope that all matters concerning information technology in which my hon. Friend the Minister for Industry and Information Technology has taken such a vigorous interest, will continue to be pursued actively. They are important not only to the Civil Service but as an example to the rest of commerce and industry.

Mr. K. J. Woolmer (Batley and Morley): If a major employer, employing over 600,000 people, announced a decision of this scale and importance only 30 minutes after calling in the unions to tell them, would not this House condemn it as a gross violation of good industrial relations? In view of the significance and importance of such a change, and the reservations expressed today, would it not be appropriate for this House to have the opportunity for a proper debate on the issue?

The Prime Minister: Machinery of government changes have always been announced to this House first, and I believe that that is the way to do it.

Mr. Christopher Price (Lewisham, West): Where will the ministerial and administrative responsibilities for openness of government, and the follow-through of the flow of directive, now reside? Does the Prime Minister's statement mean that the pledges given to this House by the Lord President of the Council earlier this year, in a debate about the openness of government will be adhered to as strongly as he said they would be in that debate?

The Prime Minister: I do not think that there is any change. I remain head of that part of the office which deals with those things. The Chancellor of the Duchy of Lancaster will carry out those duties on a day-to-day basis, as she does now.

Mr. Stan Crowther (Rotherham): Is it not a fact that the Government, in their doctrinaire pursuit of the notion of reducing the total number of civil servants, have concentrated mainly on the industrial civil servants and handed out their work to private contractors? Will the Prime Minister acknowledge that the cleaners, the painters, the electricians, the drivers, and so on, whose jobs are now being destroyed by the thousand, are no less dedicated to the public service than the very senior people to whom she referred in her statement?

The Prime Minister: I do not accept what the hon. Gentleman has said. There have been some reductions in the numbers in the industrial Civil Service, but there have been a similar number of reductions in the non-industrial Civil Service.

JOHN WARD, GENERAL SECRETARY, FDA/ROBIN DAY, WORLD AT ONE
THURSDAY 12 NOVEMBER

Robin Day: I asked Mr Ward why he had described the decision to abolish the Civil Service Department as curious and irrational?

John Ward: There was a very thorough investigation about a year ago at the request of the Prime Minister as to whether the two departments of the Civil Service and the Treasury should be merged and the conclusions which were reached by that investigation and indeed by the select committee of the House of Commons on the Treasury and the Civil Service was that the two departments should not be merged and if the speculation in the press is right and they are to be merged it is a decision which goes right against the evidence of that investigation. To my knowledge there hasn't been any further investigation and this seems to me to be a very strange and irrational thing to do, an arbitrary thing to do, because it flies in the face of evidence and I fail to see the justification.

RD: But was not the abolition and breaking up of the Civil Service Department recommended in the investigation by Sir Derek Rayner, the Prime Minister's adviser on bureaucratic waste?

JW: Yes it was indeed. But also recommendations against that happening were made by a number of distinguished people from all walks of life and was the conclusion of an all-party select committee of the House of Commons that it should not be proceeded with.

RD: So the establishment wanted to keep the Civil Service Department and the Prime Minister's adviser from Marks and Spencer on waste said it should go.

JW: I think that is very unfair because people from all walks of life wanted to keep the Civil Service Department and the Prime Minister herself said in the House of Commons in January announcing her decision not to merge, to go ahead with the merger would mean that all the concentration would go on the reorganisation rather than dealing with problems and if the Prime Minister said this in January I think we are entitled to know what has happened to make her change her mind.

/RD:

RD: But has not the very big event happened over the Civil Service pay strike which the Prime Minister is reported to have thought rather badly and weakly handled by the Civil Service Department.

JW: That indeed has happened and it is very disturbing if the Prime Minister has come to these conclusions because what the Civil Service Department was trying to do we understand and what Lord Soames was trying to do was to reach a settlement which was fair to all sides and if as a result of their efforts they are going to be abolished this is very discouraging and alarming implications for civil servants.

RD: How will all the civil servants, whether high civil servants or lower rank, be harmed by the abolition of the Civil Service Department without which we managed in this country for hundreds of years before 1968?

JW: I think the most immediate and alarming implications are on the pay front. We are in the middle of an independent enquiry into Civil Service pay and the evidence which we are putting towards that on behalf of the Civil Service unionsis that Civil Service pay has got to be taken out of politics. It must not be used as a means for the Government fulfilling its macro-economic policies. Now taking on board the Treasury, if speculation is correct, of the Civil Service pay function, suggests that the Government is not prepared to look at Civil Service pay on its merit, in its own right, it is looking to use it as an instrument of economic policy, to set an example to the rest of the community, and it is bound to discriminate against civil servants.

RD: How can you possibly argue as you seem to be arguing there Mr Ward, public sector pay and Civil Service pay is part of that should be taken out of politics? Public sector pay is at the very heart of politics or economic political argument.

JW: I am arguing that if we are going to use arguments as the Government has done in the past the nation can only afford a certain amount of pay increase for civil servants then the only fair way of doing that is to say the same for the community as a whole. But to single out Civil Service pay for special treatment in this way I think is bringing Civil Service pay into politics in a completely unjustified

/way

way.

RD: Do you think the abolition of the Civil Service Department will reduce the number of bureaucrats in Whitehall?

JW: Well I challenge the implication that there are too many bureaucrats in Whitehall. We are in favour of having a slim a Civil Service as can give a good service to the community. There already are a number of efficiency exercises taking place with which the unions are co-operating wholeheartedly and if the Civil Service Department had been allowed to go on and do its job which the co-operation of the unions then I am sure that we would have had a Civil Service which is of the right size for the task which the Government and the community like to impose upon it.

JS

Gow 2
Ingham
Clive
Teresa

10 DOWNING STREET

From the Private Secretary

12 November 1981

Dear Jim Buckley

I enclose a further revision of the Prime Minister's statement on the Organisation of the Central Departments. This includes some changes that the Prime Minister has inserted after her meeting with Mr. Edward du Cann, MP, last night.

I am sending copies of this letter, and its enclosure, to John Kerr (HM Treasury), Craig Pickering (Sir Douglas Wass's Office), Clive Priestley (Sir Derek Rayner's Office), Jeremy Colman (Sir Ian Bancroft's Office) and David Wright (Cabinet Office).

Yours ever
Jonathan Spencer

M. A. PATTISON

Jim Buckley, Esq.,
Chancellor of the Duchy of Lancaster's Office.

21A

SPEAKING NOTE FOR THE PRIME MINISTER'S USE AT CABINET ON THURSDAY 12 NOVEMBER 1981

THE REORGANISATION OF THE CENTRAL DEPARTMENTS.

I shall be announcing in a statement in the House this afternoon that I have decided to reorganise the work of the central departments.

I believe we must unify our arrangements for the central allocation and control of all resources. So I am transferring my responsibilities for Civil Service manpower, pay, pensions and allowances to the Treasury.

Equally, however, we must maintain the priority we have given to improving Civil Service efficiency and I want to continue to be personally associated with this work. So I shall remain Minister for the Civil Service and retain my responsibilities for the organisation, management and overall efficiency of the Service and for policy on recruitment, training and other personnel management matters.

When the Order in Council required to transfer the functions to the Treasury comes into effect, there will no longer be a department known as the Civil Service Department. I shall be assisted by a new Management and Personnel Office. This Office will work closely with the Cabinet Office as well as the Treasury. It will be headed by Sir Robert Armstrong (who will continue as secretary of the Cabinet and head of

/ the Cabinet

the Cabinet Office), with Mr. John Cassels as Second Permanent Secretary. The rest of the CSD will become part of the Treasury.

The new Ministerial arrangements will be introduced on Monday, 16 November. The Chancellor of the Exchequer will deal with all Civil Service manpower, pay, pensions and related matters on my behalf between then and the day the Transfer of Functions Order comes into effect. He will be assisted by Barney Hayhoe, who will be an additional Minister of State in the Treasury. Barney Hayhoe will answer on the whole range of Civil Service questions in the Commons.

On all the responsibilities I shall be retaining as Minister for the Civil Service, the Chancellor of the Duchy of Lancaster will assist me, and she will answer on all Civil Service matters in the Lords.

Sir Ian Bancroft and Sir John Herbecq, both of whom were due to retire by the end of next year, will be retiring at the end of this week as a consequence of these changes. On Sir Ian's departure, Sir Robert Armstrong and Sir Douglas Wass will become Joint Heads of the Home Civil Service.

There will be a lot to be done to make the new organisation effective. One area which it will be necessary to make changes is in departments' accommodation. If we are to get the maximum benefit from the reorganisation, staff at present in the CSD will need to be located as near as possible to the

/ Treasury

Treasury and the Cabinet Office. I am sure that those few colleagues who will be affected will be helpful over this.

DRAFT SPEAKING NOTE FOR THE PRIME MINISTER'S USE AT CABINET ON THURSDAY 12 NOVEMBER 1981

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File AH

10 DOWNING STREET

From the Principal Private Secretary

RESTRICTED

SIR ROBERT ARMSTRONG

FUTURE OF THE CENTRAL DEPARTMENTS

The Prime Minister has seen your minute A05930 of 10 November 1981 and has approved the draft message to the staff of the Management and Personnel Office, including the personal message from her.

AWW.

12 November 1981

AH

Note.

10 DOWNING STREET

Mr Lyne and I agree to avoid unless there is an actual request for an interview and then put the matter to the Prime Minister. We then agree this with Mr Wright.

AWL
12/6/1

N. Whitmore

Cd we talk on the 'phone?

With Bancroft & Hebeg be on the record or unattributable. If on the record, that makes life more difficult for Whitmore & Wass. With the latter two see media together, which is perhaps preferable? And with them all journalists who want to see them together or separately?

On point of principle, I think it would be better to explain, especially why the continued division and justification for MPO!!

20A

PRIME MINISTER

cc. Sir Robert Armstrong
Sir Douglas Wass
Sir Ian Bancroft
Sir John Herbecq
Mr. Whitmore

CENTRAL DEPARTMENTS

I think you and the other recipients should be aware of the sort of questions which might be coming your way (and which are not really dealt with in the supplementaries):

i. In January (Hansard, Col. 1070, January 29) you said "I have decided to strengthen and improve the existing organisation of the CSD rather than merge the two Departments". What has changed your mind?

ii. In January (same reference) you said you came to the conclusion that if you merged the two Departments "all concentration would go on re-organisation rather than on dealing with the true problem which .... (is) the control of public spending". Again, what's different? Isn't the control of public spending still the true (and still the defiant) problem?

Not merging CSD & Treas. Not a weighty recog'n. Will help with the control of public spending.

iii. You have been under pressure to set up a Prime Minister's Office. Isn't this a step down that road - but only a tentative one, since it will not really give you the resources you require?

No. There is not the purpose of the change.

iv. How can you possibly have two Heads of the Civil Service? How will it work? And how, if you can, and it will work, can you justify the exclusion of Sir Douglas Wass from advice on appointments?

Right that the Treas keep the two depts now dealing with the C.S. Shared staff not little. There will need to be close contact in future between the Sec Treas and Sir R.A. will consult Sir D.W. & the Treas Sec. on staffing again.

/v. If

v. If Sir Douglas is excluded from that, isn't this to be interpreted as a move to tighten your grasp on senior appointments?

NN excluded. However, this plan. Concerned has to approve appts.

vi. Have we ever had joint Heads of the Civil Service before? Is it unprecedented for the Secretary to the Cabinet to be so designated? And are we to take that designation as a further token of the move towards a Prime Minister's Office?

Yes. No - for N. Proof.

No.

vii. Who will the unions negotiate with? - The Chancellor? Mr. Hayhoe? Or someone else?

Depends on new subject,

viii. Doesn't the decision to keep personnel management, apart from Treasury - and hence promotion - mean that Mr. Bruce-Gardyne's criticism of January 1981 remains valid? And what is the answer to his criticism then in the light of today's announcement?

But not except P.CS's criticism or hence.

ix. Is this not a fine way of damaging industrial relations/union confidence (at the start of a pay round)? How much notice were permanent secretaries, staff, unions, etc. given of the change? Is this not a remarkably bad way of starting a Management and Personnel Office?

No. The changes will improve the management of the C.S. They are by the way. Co. not the union before last.

x. How will the present Rayner Unit staff be absorbed within the MPO? Are we killing Rayner? And if not, what are we doing?

One wing in Cabinet Office.

xi. Please quantify staff savings from this announcement? - How many? - Redundancies?

See Appts.

I raise all these questions because it is clear that, notwithstanding all our efforts, news of an announcement about the future of the CSD has leaked and we have got a hint about some of the above questions. There is no doubt about it that there

/is

is a buzz around in the Lobby this evening that we are going to kill the CSD tomorrow and I am sure that some newspapers are very well briefed indeed.

I should add one obvious point: that it is absolutely essential that you (and I when I face the Lobby later) and any permanent secretary concerned who sees the press should have at his finger-tips the following information:

- Cost/size of the Civil Service.

- Savings since May, 1979 in both manpower and financial terms.

- A summary of the results of Rayner in manpower/financial terms, and the current Rayner exercise.

- How the divided CSD will be accommodated.

Finally, you will recall that on January 29 Mr. Skinner asked whether your decision then not to kill the CSD meant that "Yes, Minister" had won again? It is not clear whether "Yes, Minister" has lost on this occasion but equally the press is perfectly capable of turning this into a victory for "Yes, Minister". We must think about an answer to this.

B. INGHAM

11 November, 1981

The Pri Minister: I thought that the right hon. ntleman was in the House when my right hon. Friend ıde his statement about British Leyland. He said during : course of that statement—I think that I am right, but ıuick check can easily be made—that it would of course ve to be referred to the EEC under the rules of the ›mmission, which applied to the previous Government to this Government. I do not anticipate any difficulty th its final decision.

Mr. Foot: I did not myself recollect that the right hon. :ntleman said that to the House. If I am wrong, I shall ppily put it right. But may I still press the right hon. dy very strongly on this matter? We believe that it is sential that the backing for British Leyland should go ead, and we believe also that the decision should be ıde by this House of Commons and not anywhere else.

The Prime Minister: I tried to cover that point. I do ı believe that there will be any difficulty with the final csion of the Commission. I believe, therefore, that the cking for British Leyland will go ahead.

Mr. Kenneth Carlisle: Does my right hon. Friend ree that the fact that last year saw the lowest number of orking days lost through strikes since 1941 shows the alism with which the British people are facing this cession? Does she agree also that, if we retain that alism when we come out of the recession, not only will ır productivity improve, but we shall be better able to ›mpete, and thus create more jobs?

The Prime Minister: I share my hon. Friend's view at that news was very welcome, that we have an :cellent strike record that has not been bettered for 41 :ars. If we can get rid of the image of Britain as a strike-ıden country, it can only inure to the benefit of the many :ople who work in home trade and export industries.

Mr. Park: Arising from this morning's announcement over 500 redundancies at Talbot in Coventry, does the ght hon. Lady accept that that is clear evidence of the fact at for some people to remain in work an increasing ımber have to be put out of work?

The Prime Minister: Where there is considerable /ermanning a firm may have to reduce its labour force order to stay efficient, but I remind the hon. Gentleman at the penetration of the British car market last year by ›reign imported cars was 57 per cent. That makes it clear at there is a big market for cars in Britain, and I hope at more and more companies that produce in Britain will l that market with their products.

Mr. David Steel: Does the right hon. Lady recall that, the current issue of *Conservative News* she has written at, in 1981, business should be looking up? Does she ink that it will be helped to look up if the Government › ahead with the proposal to transfer the responsibility for e first eight weeks of sick pay to employers?

The Prime Minister: As the right hon. Gentleman ill be aware, those small businesses and other companies at transfer their obligation will have a reduction in their ıtional insurance contribution. Anumber of employers ready take that responsibility, and my right hon. Friend ill discuss these matters as the Bill goes through the use.

Civil Service Department

Q3. **Mr. Bruce-Gardyne** asked the Prime Minister if, in view of the evidence given by the Secretary to the Cabinet, Sir Derek Rayner and others to the Treasury and Civil Service Committee, she intends to proceed with the reabsorption of the Civil Service Department into the Treasury.

The Prime Minister: I have studied the Treasury and Civil Service Committee's report on this subject closely, and shall be publishing the Government's response to it shortly. I can, however, tell my hon. Friend today that I have decided to strengthen and improve the existing organisation of the CSD rather than merge the two Departments.

Mr. Bruce-Gardyne: I am most grateful to my right hon. Friend for that reply. In the light of that, can she tell us what we can do to restore to the Treasury that measure of control over good housekeeping by the great spending Departments of State which they lost when the Civil Service Department took charge of promotion at the top end of the Civil Service? Is it not less than coincidental that, since the establishment of the Civil Service Department, public expenditure has spiralled out of control?

The Prime Minister: I should not necessarily agree with the coincidence to which my hon. Friend refers. I started off being marginally in favour of merging the two Departments, but came to the conclusion that if we were to do that, all concentration would go on reorganisation rather than on dealing with the true problem, which my hon. Friend correctly defines as the effective control of public spending. The Select Committee's report had some suggestions to make about that, and we hope to take up some of them, because it is vital that we have that control. As for promotion, the topmost appointments come to both the Secretary of State for the Department concerned and to the Prime Minister of the day. It is important that we put in charge of those Departments people who insist on proper control of public spending and effective value for money.

Mr. Skinner: Does that mean that "Yes, Minister" has won again?

The Prime Minister: I do not think that "Yes, Minister" refers to my Administration.

Mr. Wilkinson: As First Lady of the Treasury, does my right hon. Friend agree that the Treasury would be best pleased if the Ministry of Defence did not move 1,400 civil servants from London to Glasgow, at a cost of about £50 million, at a time when the Minister of Defence cannot for the time being support the development of the Jetstream 31 communications aeroplane in Scotland?

The Prime Minister: There always conflicting interests in trying to move civil servants from London to other parts of the United Kingdom. We have taken the view that it is right, in view of Scotland's economy, to transfer some posts. I believe that there are good reasons for the transfer to go ahead. Although I accept my hon. Friend's point that it will mean some increase in public spending, it will also give some hope to the people of Scotland.

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SECRET

PRIME MINISTER

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The Prime Minister: Where there is considerable ermanning a firm may have to reduce its labour force order to stay efficient, but I remind the hon. Gentleman at the penetration of the British car market last year by reign imported cars was 57 per cent. That makes it clear at there is a big market for cars in Britain, and I hope at more and more companies that produce in Britain will l that market with their products.

Mr. David Steel: Does the right hon. Lady recall that, the current issue of *Conservative News* she has written at, in 1981, business should be looking up? Does she ink that it will be helped to look up if the Government ahead with the proposal to transfer the responsibility for e first eight weeks of sick pay to employers?

The Prime Minister: As the right hon. Gentleman ill be aware, those small businesses and other companies at transfer their obligation will have a reduction in their tional insurance contribution. Anumber of employers ready take that responsibility, and my right hon. Friend ill discuss these matters as the Bill goes through the use.

Civil Service Department

Q3. **Mr. Bruce-Gardyne** asked the Prime Minister if, in view of the evidence given by the Secretary to the Cabinet, Sir Derek Rayner and others to the Treasury and Civil Service Committee, she intends to proceed with the reabsorption of the Civil Service Department into the Treasury.

The Prime Minister: I have studied the Treasury and Civil Service Committee's report on this subject closely, and shall be publishing the Government's response to it shortly. I can, however, tell my hon. Friend today that I have decided to strengthen and improve the existing organisation of the CSD rather than merge the two Departments.

Mr. Bruce-Gardyne: I am most grateful to my right hon. Friend for that reply. In the light of that, can she tell us what we can do to restore to the Treasury that measure of control over good housekeeping by the great spending Departments of State which they lost when the Civil Service Department took charge of promotion at the top end of the Civil Service? Is it not less than coincidental that, since the establishment of the Civil Service Department, public expenditure has spiralled out of control?

The Prime Minister: I should not necessarily agree with the coincidence to which my hon. Friend refers. I started off being marginally in favour of merging the two Departments, but came to the conclusion that if we were to do that, all concentration would go on reorganisation rather than on dealing with the true problem, which my hon. Friend correctly defines as the effective control of public spending. The Select Committee's report had some suggestions to make about that, and we hope to take up some of them, because it is vital that we have that control. As for promotion, the topmost appointments come to both the Secretary of State for the Department concerned and to the Prime Minister of the day. It is important that we put in charge of those Departments people who insist on proper control of public spending and effective value for money.

Mr. Skinner: Does that mean that "Yes, Minister" has won again?

The Prime Minister: I do not think that "Yes, Minister" refers to my Administration.

Mr. Wilkinson: As First Lady of the Treasury, does my right hon. Friend agree that the Treasury would be best pleased if the Ministry of Defence did not move 1,400 civil servants from London to Glasgow, at a cost of about £50 million, at a time when the Minister of Defence cannot for the time being support the development of the Jetstream 31 communications aeroplane in Scotland?

The Prime Minister: There always conflicting interests in trying to move civil servants from London to other parts of the United Kingdom. We have taken the view that it is right, in view of Scotland's economy, to transfer some posts. I believe that there are good reasons for the transfer to go ahead. Although I accept my hon. Friend's point that it will mean some increase in public spending, it will also give some hope to the people of Scotland.

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ORGANISATION OF THE CENTRAL DEPARTMENTS: DRAFT STATEMENT TO PARLIAMENT

WITH PERMISSION, MR. SPEAKER, I SHOULD LIKE TO MAKE A STATEMENT ON THE ORGANISATION OF THE CENTRAL DEPARTMENTS.

WE HAVE MADE A GOOD DEAL OF PROGRESS IN THE LAST TWO AND A HALF YEARS IN CONTROLLING THE COST AND SIZE OF THE CIVIL SERVICE AND IN IMPROVING ITS EFFICIENCY. THE GOVERNMENT IS MOST GRATEFUL TO THE TREASURY AND CIVIL SERVICE COMMITTEE FOR ALL THE VALUABLE WORK THEY HAVE DONE IN THIS AREA AND IN PARTICULAR FOR THEIR REPORT ON THE FUTURE OF THE CIVIL SERVICE DEPARTMENT. I LOOK FORWARD TO RECEIVING THEIR RECOMMENDATIONS AS A RESULT OF THEIR CURRENT STUDY ON IMPROVING THE EFFICIENCY AND EFFECTIVENESS OF THE CIVIL SERVICE.

NONETHELESS I BELIEVE THAT THE TIME HAS COME WHEN SOME ORGANISATIONAL CHANGES WILL HELP US TO MAKE SURE THAT THE PROGRESS WE HAVE ALREADY ACHIEVED IS MAINTAINED.

SETTING UP THE CIVIL SERVICE DEPARTMENT THIRTEEN YEARS AGO HAD A NUMBER OF ADVANTAGES AS COMPARED WITH THE SITUATION AS IT EXISTED BEFORE; BUT IT HAD ONE CONSEQUENCE WHOSE DISADVANTAGES HAVE BECOME INCREASINGLY APPARENT OVER TIME: IT DIVORCED CENTRAL RESPONSIBILITY FOR THE CONTROL OF MANPOWER FROM RESPONSIBILITY FOR THE CONTROL OF GOVERNMENT EXPENDITURE. I JUDGE THAT THE BALANCE OF ADVANTAGE NOW LIES IN FAVOUR OF

/ CONSOLIDATING

CONSOLIDATING THE CSD'S MANPOWER CONTROL RESPONSIBILITIES WITH THE CENTRAL CONTROL OF RESOURCES.

I THEREFORE PROPOSE TO REUNIFY RESPONSIBILITY FOR THE CENTRAL ALLOCATION AND CONTROL OF ALL RESOURCES, AND TO MAKE THE TREASURY RESPONSIBLE FOR CONTROL OVER CIVIL SERVICE MANPOWER, PAY, SUPERANNUATION, ALLOWANCES AND FOR THE CENTRAL COMPUTER AND TELECOMMUNICATIONS AGENCY. THE STAFF AT PRESENT CONCERNED WITH THESE FUNCTIONS WILL BE TRANSFERRED TO THE TREASURY.

MY HON. FRIEND, THE MEMBER FOR HOUNSLOW, BRENTFORD AND ISLEWORTH WILL BE APPOINTED AS A MINISTER OF STATE IN THE TREASURY TO HELP IN THE DISCHARGE OF THESE RESPONSIBILITIES. HE WILL CONTINUE TO ANSWER IN THIS HOUSE FOR THE WHOLE RANGE OF CIVIL SERVICE MATTERS.

THE DUTIES OF THE OTHER MINISTERS OF STATE IN THE TREASURY WILL REMAIN UNCHANGED, BUT MY HON. FRIEND THE MEMBER FOR KNUTSFORD WILL ASSUME THE TITLE OF ECONOMIC SECRETARY TO THE TREASURY.

I NOW TURN TO THE CIVIL SERVICE DEPARTMENT'S OTHER RESPONSIBILITIES. IT REMAINS MY VIEW THAT THERE SHOULD NOT BE A TOTAL MERGER OF THE TREASURY AND THE CIVIL SERVICE DEPARTMENT. THE EFFICIENCY OF THE CIVIL SERVICE IN CARRYING OUT ITS FUNCTIONS AND THE SELECTION AND DEVELOPMENT OF CIVIL SERVANTS ARE AS IMPORTANT TO THE GOVERNMENT AS THE CONTROL OF

/PUBLIC

PUBLIC EXPENDITURE. THE MACHINERY OF GOVERNMENT SHOULD MAKE SPECIAL PROVISION FOR THIS, SINCE IT IS A SUBJECT IN WHICH ANY PRIME MINISTER IS BOUND TO TAKE A CLOSE PERSONAL INTEREST. I SHALL THEREFORE CONTINUE TO BE MINISTER FOR THE CIVIL SERVICE AND TO BE RESPONSIBLE FOR THE ORGANISATION, MANAGEMENT AND OVERALL EFFICIENCY OF THE HOME CIVIL SERVICE AND FOR POLICY ON RECRUITMENT, TRAINING AND OTHER PERSONNEL MANAGEMENT MATTERS. MY NOBLE FRIEND THE CHANCELLOR OF THE DUCHY OF LANCASTER WILL, AS AT PRESENT, DISCHARGE THESE RESPONSIBILITIES ON A DAY-TO-DAY BASIS. SHE WILL ALSO ANSWER IN ANOTHER PLACE FOR THE WHOLE RANGE OF CIVIL SERVICE MATTERS.

THE STAFF INVOLVED IN THESE FUNCTIONS WILL WORK ALONGSIDE THE CABINET OFFICE IN A NEW MANAGEMENT AND PERSONNEL OFFICE. SIR ROBERT ARMSTRONG WILL BE PERMANENT SECRETARY OF THIS OFFICE AND WILL ALSO CONTINUE AS THE SECRETARY OF THE CABINET TO HEAD THE CABINET OFFICE. HE WILL BE ASSISTED ON THE BUSINESS OF THE NEW OFFICE BY A SECOND PERMANENT SECRETARY, MR. JOHN CASSELS.

AN ORDER IN COUNCIL WILL BE NECESSARY TO TRANSFER THE RESPONSIBILITIES FOR CIVIL SERVICE MANPOWER AND REMUNERATION TO THE TREASURY. THE ORDER WILL BE LAID BEFORE PARLIAMENT SHORTLY. IN PREPARATION FOR ITS COMING INTO EFFECT THE NEW ARRANGEMENTS WILL BE INTRODUCED ADMINISTRATIVELY FROM 16 NOVEMBER. DURING THE INTERIM PERIOD, THE CHANCELLOR OF THE EXCHEQUER WILL HAVE CHARGE ON MY BEHALF OF THE FUNCTIONS TO BE TRANSFERRED TO THE TREASURY. THEREAFTER, THERE WILL NOT BE A DEPARTMENT KNOWN AS THE CIVIL SERVICE DEPARTMENT.

/ THERE WILL

THERE WILL BE SOME STAFF SAVINGS AS A RESULT OF THE NEW ARRANGEMENTS.

SIR IAN BANCROFT, HEAD OF THE HOME CIVIL SERVICE AND PERMANENT SECRETARY TO THE CIVIL SERVICE DEPARTMENT, AND SIR JOHN HERBECQ, THE SECOND PERMANENT SECRETARY, BOTH OF WHOM WERE DUE TO RETIRE BY THE END OF NEXT YEAR, HAVE WITH CHARACTERISTIC PUBLIC SPIRIT ACCEPTED THAT THESE CHANGES MEAN THEIR DEPARTURE FROM THE PUBLIC SERVICE SOME MONTHS EARLY, AND WILL ACCORDINGLY BE RETIRING AT THE END OF THIS WEEK. BOTH HAVE HAD LONG AND DISTINGUISHED CAREERS IN THE PUBLIC SERVICE, AND HAVE SERVED THE NATION WITH ALL THE DEVOTION AND INTEGRITY WHICH WE EXPECT FROM OUR PUBLIC SERVANTS. SIR IAN SERVED SUCCESSIVE CHANCELLORS OF THE EXCHEQUER WITH CONSPICUOUS DISTINCTION. HE DID MUCH TO BUILD UP THE DEPARTMENT OF THE ENVIRONMENT BEFORE BECOMING THE HEAD OF THE CIVIL SERVICE IN 1977. I AM SURE THE HOUSE WOULD WISH TO JOIN ME IN THIS EXPRESSION OF APPRECIATION AND GRATITUDE FOR THE MANY YEARS OF DISTINGUISHED SERVICE BOTH HE AND SIR JOHN HAVE GIVEN TO THE COUNTRY.

ON SIR IAN BANCROFT'S RETIREMENT, SIR ROBERT ARMSTRONG AND SIR DOUGLAS WASS, THE PERMANENT SECRETARY TO THE TREASURY, WILL BECOME JOINT HEADS OF THE HOME CIVIL SERVICE.

I HAVE PLACED IN THE LIBRARY COPIES OF A NOTE SETTING OUT THE DISTRIBUTION OF FUNCTIONS BETWEEN THE TREASURY AND THE MANAGEMENT AND PERSONNEL OFFICE.

SECRET

ORGANISATION OF THE CENTRAL DEPARTMENTS: DRAFT STATEMENT TO PARLIAMENT

With permission, Mr. Speaker, I should like to make a statement on the organisation of the central Departments.

We have made a good deal of progress in the last two and a half years in controlling the cost and size of the Civil Service and in improving its efficiency. But I believe that the time has come when some organisational changes will help us to make sure that this progress is maintained.

Setting up the Civil Service Department thirteen years ago had a number of advantages as compared with the situation as it existed before; but it had one consequence whose disadvantages have become increasingly apparent over time: it divorced central responsibility for the control of manpower from responsibility for the control of Government expenditure. I judge that the balance of advantage now lies in favour of consolidating the CSD's manpower control responsibilities with the central ~~direction~~ of resources control.

I therefore propose to reunify responsibility for the central allocation and control of all resources, and to make the Treasury responsible for control over Civil Service manpower, pay, superannuation, allowances and for the Central Computer and Telecommunications Agency. The staff at present concerned with these functions will be transferred to the Treasury.

My hon. Friend, the Member for Hounslow, Brentford & Isleworth will be appointed as a Minister of State in the Treasury to help in the discharge of these responsibilities. He will continue to answer in

SECRET

/ this House

(A) The Government is most grateful to the Treasury and Civil Service Committee for all the valuable work they have done in this area and in preparing for their report on the future of the Civil Service Department. I look forward to receiving their recommendations as a result of their current study on improving the efficiency and effectiveness of the Civil Service.

Nevertheless I believe that the time has come when some organisational changes will help us to make sure that the progress we have already achieved is maintained.

this House for the whole range of Civil Service matters.

The duties of the other Ministers of State in the Treasury will remain unchanged, but my hon. Friend the Member for Knutsford will assume the title of Economic Secretary to the Treasury.

I now turn to the Civil Service Department's other responsibilities. It remains my view that there should not be a total merger of the Treasury and the Civil Service Department. The efficiency of the Civil Service in carrying out its functions and the selection and development of Civil Servants are as important to the Government as the control of public expenditure. The machinery of Government should make special provision for this, since it is a subject in which any Prime Minister is bound to take a close personal interest. ~~I have decided, therefore,~~ ~~that~~ I ~~should~~ shall therefore continue to be Minister for the Civil Service and to be responsible for the organisation, management and overall efficiency of the Home Civil Service and for policy on recruitment, training and other personnel management matters. ~~I am glad to be able to tell the House that~~ My noble Friend the Chancellor of the Duchy of Lancaster will, as at present, discharge these responsibilities on a day-to-day basis. She will also answer in another place for the whole range of Civil Service matters.

~~? Reference to Treasury Select Committee enquiries~~

The staff involved in these functions will work alongside the Cabinet Office in a new Management and Personnel Office. Sir Robert Armstrong will be Permanent Secretary of this Office and will also continue as the Secretary of the Cabinet to head the Cabinet Office. He will be assisted on the business of

/ the new Office

the new Office by ~~Mr. John Cassels~~ a Second Permanent Secretary, Mr John Cassels.

An Order in Council will be necessary to transfer the responsibilities for Civil Service manpower and remuneration to the Treasury. The Order will be laid before Parliament shortly. In preparation for its coming into effect the new arrangements will be introduced administratively from 16 November. During the interim period, the Chancellor of the Exchequer will have charge on my behalf of the functions to be transferred to the Treasury. Thereafter, there will not be a department known as the Civil Service Department.

There will be some staff savings as a result of the new arrangements.

Sir Ian Bancroft, Head of the Home Civil Service and Permanent Secretary to the Civil Service Department, and Sir John Herbecq, the Second Permanent Secretary, both of whom were due to retire by the end of next year, have with characteristic public spirit accepted that these changes mean their departure from the public service some months early, and will accordingly be retiring at the end of this week. Both have had long and distinguished careers in the public service, and have served the nation with all the devotion and integrity which we expect from our public servants. Sir Ian served successive Chancellors of the Exchequer with conspicuous distinction. He did much to build up the Department of the Environment before becoming the Head of the Civil Service in 1977. I am sure the House would wish to join me in this expression of appreciation and

/ gratitude

gratitude for the many years of distinguished service both he and Sir John have given to the country.

On Sir Ian Bancroft's retirement, Sir Robert Armstrong and Sir Douglas Wass, the Permanent Secretary to the Treasury, will become Joint Heads of the Home Civil Service.

I have placed copies of a note setting out the distribution of functions between the Treasury and the Management and Personnel Office in the Library.

10 DOWNING STREET

Prime Minister.

It is proposed to place this note on the reorganisation of the central departments in the lobby of the House at 3.15 p.m.

You saw it in an earlier version. It is hardly changed.

Content?

TPL

11xi

SECRET

19

NOTE FOR THE LIBRARY

REORGANISATION OF THE CENTRAL DEPARTMENTS: ALLOCATION OF FUNCTIONS

This note sets out what are to be the functions of the new Management and Personnel Office and which functions are to be transferred to the Treasury from the Minister for the Civil Service, as indicated by the Prime Minister in her statement on 12 November 1981.

MANAGEMENT AND PERSONNEL OFFICE (MPO)

Ministers - The Rt. Hon. Margaret Thatcher, M.P.*
Minister for the Civil Service

- assisted by the Rt. Hon. Baroness Young, Chancellor of the Duchy of Lancaster

Permanent Secretary - Sir Robert Armstrong, K.C.B., C.V.O.

Second Permanent Secretary - Mr. John Cassels, C.B.

Functions

(a) Management systems and organisation, including support for Sir Derek Rayner; cost-cutting studies; cost-consciousness; the scrutiny programme and Service-wide reviews of effectiveness and efficiency;

/(b) Personnel

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* On MPO business in the House of Commons, the Prime Minister will be assisted by Mr. Barney Hayhoe, Minister of State, Treasury.

SECRET

(b) Personnel management, including senior Civil Service appointments; succession planning; central management of staff groups; classification; recruitment policy and training, including the Civil Service College; Civil Service conduct and security; and acceptance of business appointments by former senior civil servants and others;

(c) the Public Appointments Unit, the Machinery of Government Division, the Civil Service Medical Adviser, the Ceremonial Branch and the Government Hospitality Fund.

The Civil Service Commission will be part of the Management and Personnel Office, but the selection of individuals for posts in the Civil Service remains the independent responsibility of the Civil Service Commissioners.

The Chancellor of the Duchy of Lancaster will answer in the House of Lords on the whole range of Civil Service matters.

FUNCTIONS TO BE TRANSFERRED TO THE TREASURY

Responsibility for the following functions and organisations will be transferred from the Minister for the Civil Service to the Treasury:

(a) control of Civil Service nanpower numbers and associated administrative costs;

(b) the pay, allowances, superannuation and related conditions of service of the Civil Service and the comparable functions of the Minister for the Civil

/Service in respect

Service in respect of the Armed Forces, the judiciary, certain public bodies and some others in the public sector;

(c) the Central Computer and Telecommunications Agency; the Civil Service Catering Organisation; and the Chessington Computer Centre (which provides services for a number of departments).

The responsibilities of the Minister for the Civil Service in respect of HM Stationery Office, the Central Office of Information and the Government Actuary's Department will be transferred to the Chancellor of the Exchequer.

Mr. Barney Hayhoe, M.P., will be appointed as an additional Minister of State in the Treasury to help in the discharge of these responsibilities. He will answer in the House of Commons for the whole range of Civil Service matters.

SECRET AND PERSONAL

18

Mr WHITMORE

cc Mr Wright

FUTURE OF THE CENTRAL DEPARTMENTS

Thank you for our copy of your minute of yesterday. Our comments on the various drafts are as follows.

Draft statement, page 2

2. To avoid giving a possible impression that MPO is no more than the rump of CSD, we think that the first sentence of the second paragraph might begin:

> "My noble Friend and I will therefore be supported by a new Management and Personnel Office, which will work alongside the Cabinet Office. Sir Robert ....."

Draft statement, page 3

3. The reference to Sir Ian Bancroft and Sir John Herbecq does not (for obvious reasons) contain the "warm words" about their services; these will no doubt be included.

Notes for Supplementaries

4. The question of Civil Service morale is dealt with in my minute of yesterday to Mr Wright, copied to you.

Draft speaking note

5. The very last sentence may invite a rebuff. Perhaps say instead:

> "I hope that colleagues will be helpful over this. Naturally, the changes necessary will be kept to a minimum."

CP

C PRIESTLEY
11 November 1981

Seen by the Prime Minister. 12/11.

Prime Minister. I have no objection to the announcement of the change of title, but I am submitting this minute in view of paragraph 3. 11/11.

Ref: A05952

SECRET AND PERSONAL

MR. WHITMORE

Future of the Central Departments

You sent me a copy of your minute of 10th November to Sir Ian Bancroft, with revised drafts of the various documents which will be needed tomorrow.

2. I have only one point on the draft statement. I see that the Prime Minister will need to announce Mr. Bruce-Gardyne's change of title. As drafted, however, there may be a risk that some people will jump to the wrong conclusion, that Mr. Bruce-Gardyne is to have some responsibility for Civil Service matters. I suggest that this risk could be avoided if the last sentence of paragraph 4, at the bottom of the first page, was altered to read:

> "The duties of the other Ministers of State in the Treasury will remain unchanged, but my hon. Friend the Member for Knutsford will assume the title of Economic Secretary to the Treasury".

3. I think that, if the Prime Minister were given an opportunity in Supplementary Questions, it would be tremendously useful if she were to give a Supplementary Answer on the lines of the second paragraph of the personal message which I have suggested to her in the minute which I sent to you yesterday. There will be uncertainty, particularly among staff in the CSD; and something said on these lines in the House of Commons would help to preserve confidence.

4. I am sending copies of this minute to Mr. Kerr (Treasury), Mr. Buckley (Office of the Chancellor of the Duchy of Lancaster), Sir Ian Bancroft, Sir Douglas Wass and Sir Derek Rayner.

Robert Armstrong

(drafted by Sir R Armstrong and signed on his behalf)

11th November 1981

SECRET AND PERSONAL

1

PRIME MINISTER

STATEMENT ON THE CENTRAL DEPARTMENTS

The attached folder contains:

(1) The draft statement and notes for supplementaries (together with a copy of your reply of 29 January 1981 to Mr. Bruce-Gardyne, and the Report of the Treasury and Civil Service Committee on the future of the CSD).

(2) A draft note on the reallocation of departmental responsibilities to be placed in the Library of the House tomorrow afternoon. This needs your approval.

(3) A minute from Bernard Ingham listing questions which he is getting from the press. Some of these are covered in the notes for supplementaries; others we will get answers to in the morning.

(4) A draft message to the staff of the Management and Personnel Office.

(5) A minute from Sir Robert Armstrong about morale.

AW

11 November 1981

Mrs Stephens.

Sorry, what meeting? The one with D.R.? Yes - CS.

11/XI

MR. WHITMORE

Meeting to discuss future of Central Departments

This meeting has been arranged for Tuesday 1 December at 1730. The Prime Minister's next appointment is an Audience.

CS.

11 November 1981

16

Note.

This minute was precipitated by a conversation this morning between the Prime Minister and the Chancellor of the Duchy. I do not intend therefore to bother the Prime Minister with it.

Ref. A05933

MR. WHITMORE

Future of the Central Departments

I have seen Lady Young's minute of 10th November about the effects of Thursday's announcement on morale in the Civil Service; and I have also seen Mr. Priestley's minute of 10th November.

2. While I agree that the morale issue is being overplayed, I think we had better not over-react to that. Morale has been dented by the events of the summer; there is some feeling that the Civil Service does not get [redacted] appreciation and support from some Ministers (including Treasury Ministers); and there will be some apprehension about the fact that control of manpower and pay is now to be put in the hands of the Treasury. But I agree with Mr. Priestley that that will not be seen by the Service at large as "the end of civilisation as we know it". The unions, though they will protest, may see some merit in being able to deal face to face with the real enemy (in their terms, the Treasury).

3. I do not think that the Prime Minister need discourage the Chancellor of the Duchy from discussing with her Ministerial colleagues what they can do in their own Departments to restore morale, in so far as it has been dented. It is not just a matter of pay, though of course that comes into it: it is a matter of giving people a sense of pride in what they do. I have heard the Prime Minister say that she believes in having an efficient (and therefore smaller) Civil Service fairly remunerated; and if she could give expression to that feeling, in something like the words suggested at the end of Mr. Priestley's minute, in the course of supplementary answers on Thursday, I have no doubt that that would do good.

4. I suggest that the Prime Minister should not reply to Lady Young's minute, but allow her to say her piece in Cabinet on Thursday. The Prime Minister might then say that, though she expects that the announcement will not be

universally welcomed, she thinks that its effects ought not to be exaggerated; that she understands that the Chancellor of the Duchy intends to talk to colleagues, and hopes that she will be able to form a coherent picture both of the present state of morale in the Civil Service and of what might be done about it; and that, as an immediate contribution, she will hope to be given an opportunity to say in the supplementary answer on Thursday afternoon the sort of things suggested by Mr. Priestley, and to repeat that in a message which she will be sending to members of the new Management and Personnel Office.

RCA

ROBERT ARMSTRONG

11th November, 1981

15B

BUCKINGHAM PALACE

SECRET

11th November, 1981.

Dear Clive,

Thank you for your letter of 10th November 1981 enclosing the Prime Minister's formal submission for the appointment of Sir Douglas Wass and Sir Robert Armstrong as Official Joint Heads of the Civil Service. This has been approved by The Queen and I am returning the submission with my letter. - to Appointments filing.

Her Majesty has also noted that Mr. Bruce-Gardyne is to be given the title of Economic Secretary, Treasury.

Yours ever,

Philip Moore

Clive Whitmore, Esq.

The National Archives

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SECRET 15

PRIME MINISTER

FUTURE OF THE CENTRAL DEPARTMENTS

We have made a number of changes* to the draft of the statement on the future of the central Departments which you are due to make in the House on Thursday, and I thought it would be helpful if you had tonight the attached version which incorporates all the amendments made so far.

I also attach revised drafts of the Notes for Supplementaries, of the note which it is proposed to place in the Library on the re-allocation of the functions of the central Departments and of the speaking note for your use at Cabinet on Thursday morning.

I am circulating all these to those concerned for them to check.

FAW.

10 November 1981

* All of which you have seen at various stages.

SECRET

THE CENTRE : DRAFT STATEMENT TO PARLIAMENT

With permission, Mr. Speaker, I should like to make a statement on the organisation of the central Departments.

We have made a good deal of progress in the last two and a half years in controlling the cost and size of the Civil Service and in improving its efficiency. But I believe that the time has come when some organisational changes will help us to make sure that this progress is maintained.

Setting up the Civil Service Department thirteen years ago had a number of advantages as compared with the situation as it existed before; but it had one consequence whose disadvantages have become increasingly apparent over time: it divorced central responsibility for the control of manpower from responsibility for the control of Government expenditure. I judge that the balance of advantage now lies in favour of consolidating the CSD's manpower control responsibilities with the central direction of resource control.

I therefore propose to reunify responsibility for the central allocation and control of all resources, and to make the Treasury responsible for control over Civil Service manpower, pay, superannuation, allowances and for the Central Computer and Telecommunications Agency. My hon. Friend, the Member for Hounslow, will be appointed as a Minister of State in the Treasury to help in the discharge of these responsibilities. He will answer in this House for the whole range of Civil Service matters. My hon. Friend the Member for Knutsford, who is currently a Minister of State in the Treasury, will assume the title of Economic Secretary to the Treasury.

/I now turn

I now turn to the Civil Service Department's other responsibilities. It remains my view that there should not be a total merger of the Treasury and the Civil Service Department. The selection, development and motivation of the Civil Service and its efficiency in carrying out its functions should have as much attention and priority as the control of public expenditure. The machinery of Government should make special provision for this, since it is a subject in which any Prime Minister is bound to take a close personal interest. I have decided, therefore, that I should continue to be Minister for the Civil Service and be responsible for the organisation, management and overall efficiency of the Home Civil Service and for policy on recruitment, training and other personnel management matters. I am glad to be able to tell the House that my noble Friend the Chancellor of the Duchy of Lancaster will, as at present, discharge these responsibilities on a day-to-day basis. She will also answer in another place for the whole range of Civil Service matters.

The staff involved will work alongside the Cabinet Office in a new Management and Personnel Office. Sir Robert Armstrong will be Permanent Secretary of this Office and will also continue as the Secretary of the Cabinet to head the Cabinet Office. He will be assisted on the business of the new Office by Mr. John Cassels, Second Permanent Secretary.

An Order in Council will be necessary to transfer the responsibilities for Civil Service manpower and remuneration to the Treasury. The Order will be laid before Parliament shortly. In preparation for its coming into effect the new arrangements will be introduced administratively from 16 November. During the interim period, the Chancellor of the Exchequer will have charge on my behalf of the functions to be transferred to the

/Treasury.

Treasury. Thereafter, there will not be a department known as the Civil Service Department.

There will be some staff savings as a result of the new arrangements.

Sir Ian Bancroft, Head of the Home Civil Service and Permanent Secretary to the Civil Service Department, and Sir John Herbecq, the Second Permanent Secretary, both of whom were due to retire by the end of next year, have with characteristic public spirit accepted that these changes mean their departure from the public service some months early, and will accordingly be retiring at the end of this week. Both have had long and distinguished careers in the public service, and have served the nation with all the devotion and integrity which we expect from our public servants. Sir Ian served successive Chancellors of the Exchequer with conspicuous distinction. He did much to build up the Department of the Environment before becoming the Head of the Civil Service in 1977. I am sure the House would wish to join me in this expression of appreciation and gratitude for the many years of distinguished service both he and Sir John have given to the country.

On Sir Ian Bancroft's retirement, Sir Robert Armstrong and Sir Douglas Wass, the Permanent Secretary to the Treasury, will become Joint Heads of the Home Civil Service.

I have placed copies of a note setting out the distribution of functions between the Treasury and the Management and Personnel Office in the Library.

184

Prime Minister.

We discussed this with the Chancellor of the Exchequer earlier today.

Shall we try to get Lady Young in tomorrow to talk about it? You wanted to see her anyway. TPL 10/11

Chancellor of the Duchy of Lancaster

PRIME MINISTER

FUTURE OF THE CENTRAL DEPARTMENTS

I am writing to suggest how we might handle the effect of Thursday's announcement on the Civil Service itself, and on its morale - which will continue to be the responsibility of the Management and Personnel Office. I have mentioned to one or two colleagues, who have been as surprised as I was - a meeting I had with the Government Actuary when I first took over CSD. He told me that some of his young professional staff avoided acknowledging that they were civil servants, if at all possible, at social gatherings. I thought this might be something particular to GAD in the light of the criticism which they had received, albeit now largely removed because of the publication of the Scott Report. But I was dismayed to discover that this was quite prevalent amongst younger civil servants. If one thing has been borne in on me more than any other since 14 September it is that morale in the Civil Service is at a very low ebb.

I wonder if we can take the opportunity of this announcement to start reversing the process? I myself intend to visit colleagues to discuss with them what they can do in their own departments to rekindle the spirit of the Service. I believe it would be a helpful first step if you would say something, perhaps in response to a supplementary, when you announce the re-organisation on Thursday. If you were to make it clear that you believed in the Civil Service and that it had an important role to play in the country (and that is why the Civil Service itself is striving to make itself leaner and more efficient), this would be an excellent foundation. We shall face more difficulties in the future about morale without doubt, and Geoffrey Howe and I will need to work closely together since in many ways he will have control of those things which are most important for the morale of the Service. But it would be useful to start the thing off with a positive push which I could follow up with colleagues.

When you tell colleagues of the changes on Thursday there would, I believe, be advantage in forewarning them that there may be some adverse reaction from staff and union representatives. It would help to take the steam out of things if colleagues were ready with something to say, especially if they could hang it on your statement.

If you agree perhaps I can expand on this a little in Cabinet on Thursday so that colleagues know what I have in mind.

I am copying this to Geoffrey Howe, Derek Rayner, Sir Ian Bancroft, Sir Douglas Wass and Sir Robert Armstrong.

Janet Young

BARONESS YOUNG
10 November 1981

SECRET AND PERSONAL

12

Mr Whitmore.

Before I consider the Prime Minister I should be grateful for your views.

11x.

Ref. A05931

MR. WHITMORE

Future of the Central Departments

I understand that Sir Ian Bancroft and Sir John Herbecq are likely to agree to see journalists, if journalists ask to see them, after Thursday's announcement.

2. I have discussed this with Sir Douglas Wass. Neither of us thinks that we should give any interviews on the record. We think, however, that it would be advisable that we should be able to agree to see journalists on an off-the-record, non-attributable and background basis, if we are asked to do so. I do not think that there are likely to be many such requests, but I suppose that the "Whitehall correspondents" like Peter Hennessy might seek to come and talk on that basis. If we were able to do so, that would enable us to make sure that the case for the changes now proposed was properly in their minds.

3. As you know, I have made it a rule not to give interviews since I became Secretary of the Cabinet, and I do not propose to depart from that rule. But I think that there is advantage in agreeing to see people unattributably on this occasion.

4. I should be grateful if you would let me know whether the Prime Minister is content.

RCA

ROBERT ARMSTRONG

10th November, 1981

SECRET AND PERSONAL

SECRET AND PERSONAL

Prime Minister.

Content with the draft message as a whole and with particularly the message from you?

13

Ref. A05930

PRIME MINISTER

Future of the Central Departments

We think that, while the CSD staff who go to the Treasury will feel reasonably sure about their future, those who go to the new Management and Personnel Office will feel rather less sure about their future.

2. Mr. Cassels and I propose to go and meet as many of those concerned as we can early next week; but we think that it will be advantageous that they should receive a personal message from us.

3. I think that, having regard to the points made in Lady Young's minute of 10th November, it might be helpful if this message from us could incorporate a personal message from you.

4. I enclose a copy of a draft message from Mr. Cassels and me, which (as you will see) starts off with a message from you. Would you be content for us to send this out to the staff concerned very early next week?

RWA

ROBERT ARMSTRONG

10th November, 1981

SECRET AND PERSONAL

DRAFT OF 10 NOVEMBER 1981

TO STAFF OF THE MANAGEMENT AND PERSONNEL OFFICE

MESSAGE FROM SIR ROBERT ARMSTRONG AND MR. CASSELS

The Prime Minister has asked us to convey the attached message to the staff of the Management and Personnel Office:

"I have established a Management and Personnel Office reporting to me because, as head of the Government, the Prime Minister is directly concerned with the quality of Civil Service work and management, notably with organisation, efficiency, personnel management and senior appointments, and with the quality and well-being of civil servants.

Of course we need to have effective and sensible systems in Government. But in the end it is people who make the services provided to and by Government work well. I should like all our services to be excellently run and all civil servants to have the confidence that comes from a job worth doing and well done, and to be proud that they work for the public. I look to the new Office to have as its aims improving methods of work and efficiency in the Civil Service and encouraging and helping people to give of their best. I know how much many of you have already contributed to this and I am

grateful for the devotion shown by staff of the Civil Service Department. I hope and believe that, with like devotion, we shall be able to carry these aims still further in the new Office".

We recognise that the decision to abolish the CSD and divide its functions between the new Office and the Treasury is bound to cause some anxiety to people who have worked long and hard for the CSD. We do not intend to undo or call in question what has been achieved. On the contrary, we hope to take the utmost advantage of the setting up of MPO to carry forward the work on management efficiency and on personnel management which has been done in the CSD.

We look forward to leading a Department whose professionalism, knowledge, experience and approach to its job qualify it to speak and act with authority on matters of management and personnel in the Civil Service.

We shall need to work very closely indeed with other Departments, and particularly with the Treasury. Sir Douglas Wass and Sir Anthony Rawlinson have made it clear to us that they are as anxious as us to establish effective working relationships from the outset. This will apply to arrangements for the career development of staff as well as to the discharge of the functions of the central Departments.

We shall be seeing the senior staff of the Office on Monday and will be visiting all parts of the Department shortly afterwards. We look forward to meeting and working with you.

ROBERT ARMSTRONG
JOHN CASSELS

13 November 1981

11B Govt Machinery

file KB

10 DOWNING STREET

From the Principal Private Secretary

SIR IAN BANCROFT

FUTURE OF THE CENTRAL DEPARTMENTS

Since your minute of 28 October, several amendments have been suggested to the draft statement on the future of the central Departments which the Prime Minister is planning to make on Thursday of this week, and I thought it would be helpful, therefore, if I circulated the attached revised draft which incorporates all these changes.

I also attach revised versions of the Notes for Supplementaries, of the note to be placed in the Library of the House and of a speaking note for the Prime Minister's use at Cabinet on Thursday (which is very much based on the draft minute to the Home Secretary attached to your minute of 28 October).

I should be grateful if you and copy addressees could let me have any comments on these drafts by close of play tomorrow, Wednesday 11 November.

I am sending copies of this minute and of its attachments to Mr, Kerr (H.M. Treasury), Mr. Buckley (Office of the Chancellor of the Duchy of Lancaster), Sir Robert Armstrong, Sir Douglas Wass and Sir Derek Rayner.

C. A. WHITMORE

10 November 1981

SECRET AND PERSONAL

THE CENTRE : DRAFT STATEMENT TO PARLIAMENT

With permission, Mr. Speaker, I should like to make a statement on the organisation of the central Departments.

We have made a good deal of progress in the last two and a half years in controlling the cost and size of the Civil Service and in improving its efficiency. But I believe that the time has come when some organisational changes will help us to make sure that this progress is maintained.

Setting up the Civil Service Department thirteen years ago had a number of advantages as compared with the situation as it existed before; but it had one consequence whose disadvantages have become increasingly apparent over time: it divorced central responsibility for the control of manpower from responsibility for the control of Government expenditure. I judge that the balance of advantage now lies in favour of consolidating the CSD's manpower control responsibilities with the central direction of resource control.

I therefore propose to reunify responsibility for the central allocation and control of all resources, and to make the Treasury responsible for control over Civil Service manpower, pay, superannuation, allowances and for the Central Computer and Telecommunications Agency. My hon. Friend, the Member for Hounslow, will be appointed as a Minister of State in the Treasury to help in the discharge of these responsibilities. He will answer in this House for the whole range of Civil Service matters. My hon. Friend the Member for Knutsford, who is currently a Minister of State in the Treasury, will assume the title of Economic Secretary to the Treasury.

/I now turn

I now turn to the Civil Service Department's other responsibilities. It remains my view that there should not be a total merger of the Treasury and the Civil Service Department. The selection, development and motivation of the Civil Service and its efficiency in carrying out its functions should have as much attention and priority as the control of public expenditure. The machinery of Government should make special provision for this, since it is a subject in which any Prime Minister is bound to take a close personal interest. I have decided, therefore, that I should continue to be Minister for the Civil Service and be responsible for the organisation, management and overall efficiency of the Home Civil Service and for policy on recruitment, training and other personnel management matters. I am glad to be able to tell the House that my noble Friend the Chancellor of the Duchy of Lancaster will, as at present, discharge these responsibilities on a day-to-day basis. She will also answer in another place for the whole range of Civil Service matters.

The staff involved will work alongside the Cabinet Office in a new Management and Personnel Office. Sir Robert Armstrong will be Permanent Secretary of this Office and will also continue as the Secretary of the Cabinet to head the Cabinet Office. He will be assisted on the business of the new Office by Mr. John Cassels, Second Permanent Secretary.

An Order in Council will be necessary to transfer the responsibilities for Civil Service manpower and remuneration to the Treasury. The Order will be laid before Parliament shortly. In preparation for its coming into effect the new arrangements will be introduced administratively from 16 November. During the interim period, the Chancellor of the Exchequer will have charge on my behalf of the functions to be transferred to the

/Treasury.

Treasury. Thereafter, there will not be a department known as the Civil Service Department.

There will be some staff savings as a result of the new arrangements.

Sir Ian Bancroft, Head of the Home Civil Service and Permanent Secretary to the Civil Service Department, and Sir John Herbecq, the Second Permanent Secretary, both of whom were due to retire by the end of next year, have accepted that these changes mean their departure from the public service some months early, and will accordingly be retiring at the end of this week.

On Sir Ian's retirement, Sir Robert Armstrong and Sir Douglas Wass, the Permanent Secretary to the Treasury, will become Joint Heads of the Home Civil Service.

I have placed copies of a note setting out the distribution of functions between the Treasury and the Management and Personnel Office in the Library.

NOTES FOR SUPPLEMENTARIES

Q1 WHY NOT JUST MERGE CSD AND THE TREASURY?

A. There are certain aspects of Civil Service management with which the Prime Minister must be particularly closely concerned, notably personnel management and appointments. Furthermore I have myself taken a keen personal interest in the promotion of efficiency in the Civil Service, and to this end I appointed Sir Derek Rayner in May 1979 to his present post with a remit to report directly to me. I have decided therefore that in addition to the function of personnel management a special responsibility for the pursuit of efficiency should be vested in a Department, the Management and Personnel Office, for which I shall be directly responsible.

Q2 WHY MAKE THE CHANGE NOW?

A A lot of good work has already been done. For example, we are well on course for the 1984 Civil Service manpower target. But a lot more remains to be done both on the public expenditure and on the Civil Service efficiency fronts. I am convinced that the time has come to strengthen our arrangements for both these purposes.

/Q3

Q3 HOW MUCH WILL THE REORGANISATION COST?

A The cost will depend on the precise arrangements, still to be worked out, for such matters as accommodation. But I do not expect that amount to be great, and we shall get it back many times over by the savings we shall achieve through better public expenditure control and increased efficiency.

Q4 HOW MUCH WILL THE REORGANISATION SAVE?

A There will be some staff savings as a result of the reorganisation. For example, there will be the immediate savings of two Permanent Secretary posts I have referred to; and further savings at lower levels can be expected over the coming months. But the biggest savings will come from unified expenditure control and the strengthened drive on efficiency.

Q5 HOW CAN EFFICIENCY BE SEPARATED FROM THE CONTROL OF RESOURCES?

A The two are, of course, deeply intertwined. There will therefore be the closest liaison, at both Ministerial and official levels, between the Treasury and the Management and Personnel Office. But I think it important that the organisation should reflect the essential link between efficiency and the training, motivation and development of staff.

Q6 WHAT WILL BE THE ROLE OF SIR DEREK RAYNER?

A Sir Derek Rayner, who has made a splendid contribution, will continue to give me independent advice on efficiency and the elimination of waste in the public service.

/Q7

Q7 WHO WILL THE UNIONS DEAL WITH ON THE MANAGEMENT OF THE CIVIL SERVICE?

A The unions will deal with the Treasury over manpower, pay, allowances and things of that kind. They will deal with the Management and Personnel Office over personnel management, training, etc., and questions of efficiency. No doubt there will be some matters on which it will be sensible for them to deal with both Departments jointly, and arrangements can be made for that as necessary.

Q8 DOES THIS SIGNAL A CHANGE IN THE GOVERNMENT'S APPROACH TO THE NEXT CIVIL SERVICE PAY SETTLEMENT?

A No. We have already made clear our policy on that and we stand by it.

Q9 WILL SIR IAN BANCROFT/SIR JOHN HERBECQ NOW BE TAKING UP JOBS IN THE PRIVATE SECTOR?

A I do not know what their plans are for their retirement. But should they wish to take up positions in the private sector, the normal rules about business appointments for former senior civil servants will, of course, apply.

NOTE FOR THE LIBRARY

REORGANISATION OF THE CENTRAL DEPARTMENTS: ALLOCATION OF FUNCTIONS

This note sets out what are to be the functions of the new Management and Personnel Office and which functions are to be transferred to the Treasury from the Minister for the Civil Service, as indicated by the Prime Minister in her statement on 12 November 1981.

MANAGEMENT AND PERSONNEL OFFICE (MPO)

Ministers - The Rt. Hon. Margaret Thatcher, M.P.*
Minister for the Civil Service

- assisted by the Rt. Hon. Baroness Young, Chancellor of the Duchy of Lancaster

Permanent Secretary - Sir Robert Armstrong, K.C.B., C.V.O.

Second Permanent Secretary - Mr. John Cassels, C.B.

Functions

(a) Management systems and organisation, including support for Sir Derek Rayner; cost-cutting studies; cost-consciousness; the scrutiny programme and Service-wide reviews of effectiveness and efficiency;

/(b) Personnel

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* On MPO business in the House of Commons, the Prime Minister will be assisted by Mr. Barney Hayhoe, Minister of State, Treasury.

SECRET

(b) Personnel management, including senior Civil Service appointments; succession planning; central management of staff groups; classification; recruitment policy and training, including the Civil Service College; Civil Service conduct and security; and acceptance of business appointments by former senior civil servants and others;

(c) the Public Appointments Unit, the Machinery of Government Division, the Civil Service Medical Adviser, the Ceremonial Branch and the Government Hospitality Fund.

The Civil Service Commission will be part of the Management and Personnel Office, but the selection of individuals for posts in the Civil Service remains the independent responsibility of the Civil Service Commissioners.

The Chancellor of the Duchy of Lancaster will answer in the House of Lords on the whole range of Civil Service matters.

FUNCTIONS TO BE TRANSFERRED TO THE TREASURY

Responsibility for the following functions and organisations will be transferred from the Minister for the Civil Service to the Treasury:

(a) control of Civil Service manpower numbers and associated administrative costs;

(b) the pay, allowances, superannuation and related conditions of service of the Civil Service and the comparable functions of the Minister for the Civil

/Service in respect

Service in respect of the Armed Forces, the judiciary, certain public bodies and some others in the public sector;

(c) the Central Computer and Telecommunications Agency; the Civil Service Catering Organisation; and the Chessington Computer Centre (which provides services for a number of departments).

The responsibilities of the Minister for the Civil Service in respect of HM Stationery Office, the Central Office of Information and the Government Actuary's Department will be transferred to the Chancellor of the Exchequer.

Mr. Barney Hayhoe, M.P., will be appointed as an additional Minister of State in the Treasury to help in the discharge of these responsibilities. He will answer in the House of Commons for the whole range of Civil Service matters.

DRAFT SPEAKING NOTE FOR THE PRIME MINISTER'S USE AT CABINET ON THURSDAY 12 NOVEMBER 1981

THE REORGANISATION OF THE CENTRAL DEPARTMENTS

I shall be announcing in a statement in the House this afternoon that I have decided to reorganise the work of the central departments.

I believe we must unify our arrangements for the central allocation and control of all resources. So I am transferring my responsibilities for Civil Service manpower, pay, pensions and allowances to the Treasury.

Equally, however, we must maintain the priority we have given to improving Civil Service efficiency and I want to continue to be personally associated with this work. So I shall remain Minister for the Civil Service and retain my responsibilities for the organisation, management and overall efficiency of the Service and for policy on recruitment, training and other personnel management matters.

When the Order in Council required to transfer the functions to the Treasury comes into effect, there will no longer be a department known as the Civil Service Department. I shall be assisted by a new Management and Personnel Office. This Office will work closely with the Cabinet Office as well as the Treasury. It will be headed by Sir Robert Armstrong, (who will continue as Secretary of the Cabinet and head of the Cabinet Office) with Mr. John Cassels as Second Permanent Secretary. The rest of the CSD will become part of the Treasury.

/The new Ministerial

The new Ministerial arrangements will be introduced on Monday, 16 November. The Chancellor of the Exchequer will deal with all Civil Service manpower, pay, pensions and related matters on my behalf between then and the day the Transfer of Functions Order comes into effect. He will be assisted by Barney Hayhoe, who will be an additional Minister of State in the Treasury. Barney Hayhoe will answer on the whole range of Civil Service questions in the Commons.

On all the responsibilities I shall be retaining as Minister for the Civil Service the Chancellor of the Duchy of Lancaster will assist me, and she will answer on all Civil Service matters in the Lords.

Sir Ian Bancroft and Sir John Herbecq, both of whom were due to retire by the end of next year, will be retiring at the end of this week as a consequence of these changes. On Sir Ian's departure, Sir Robert Armstrong and Sir Douglas Wass will become Joint Heads of the Home Civil Service.

There will be a lot to be done to make the new organisation effective. One area where it will be necessary to make changes is in departments' accommodation. If we are to get the maximum benefit from the reorganisation staff at present in the CSD will need to be located as near as possible to the Treasury and the Cabinet Office. I am sure colleagues will be helpful over this.

Alternative page

Treasury. Thereafter, there will not be a department known as the Civil Service Department.

There will be some staff savings as a result of the new arrangements.

Sir Ian Bancroft, Head of the Home Civil Service and Permanent Secretary to the Civil Service Department, and Sir John Herbecq, the Second Permanent Secretary, both of whom were due to retire by the end of next year, have accepted that these changes mean their departure from the public service some months early, and will accordingly be retiring at the end of this week.

On Sir Ian's retirement, Sir Robert Armstrong, and Sir Douglas Wass, the Permanent Secretary to the Treasury, will become Joint Heads of the Home Civil Service.

I have placed copies of a note setting out the distribution of functions between the Treasury and the Management and Personnel Office in the Library.

PERSONAL AND CONFIDENTIAL

4½.- Def. Hous.

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

Approved by the P.M.
10x.

PRIME MINISTER

REORGANISATION OF CENTRAL DEPARTMENTS : TITLES OF TREASURY MINISTERS

The present Treasury Ministerial team includes two Ministers of State, Arthur Cockfield and Jock Bruce-Gardyne, and we distinguish them by the titles Minister of State (Lords) and Minister of State (Commons). Under the arrangements to be announced on Thursday, we shall have Barney Hayhoe as an additional Minister of State in the Commons and we need to distinguish between him and Jock Bruce-Gardyne.

2. I think that this would best be done, if you agree, by reviving the title "Economic Secretary to the Treasury" and attaching it to the post held by Jock Bruce-Gardyne. This would be a fitting reflection of Jock's responsibilities, which include monetary policy and overseas finance, and would enable us to use the title of Minister of State (Commons) unambiguously for Barney Heyhoe.

3. The Civil Service Department has confirmed with Parliamentary Counsel that there is no statutory or procedural obstacle.

4. If you are content with this change of title, it would be desirable to include it in Thursday's announcement. This could be done by adding at the end of the paragraph dealing with Barney Heyhoe's appointment (paragraph 4 in the latest draft I have seen) a sentence on these lines:-

/"My hon. Friend

"My hon. Friend the Member for Knutsford, who is currently a Minister of State in the Treasury, will assume the title of Economic Secretary to the Treasury".

5. I am copying this minute to Sir Ian Bancroft and Sir Robert Armstrong.

(G.H.)

10 November 1981

COVERING PERSONAL AND SECRET

11AB

Mr WRIGHT

cc Mr Whitmore
Sir R Armstrong

Mr Prestney has copied this draft reply to the CDL's letter direct to Mr Whitmore. Do you have comments? JW.

FUTURE OF THE CENTRAL DEPARTMENTS

We had a brief word about the CDL's minute to the Prime Minister of this morning. I feel very strongly that the morale issue is being overplayed, even if morale would be better than it is in some places. I attach a possible draft reply to Mr Buckley which, given the time factor, I am copying to Mr Whitmore with this minute.

2. The change in the machinery of government will not be well received by the Council of Civil Service Unions, but it is in my view highly unlikely that it will be seen by the Service at large as the end of civilisation as we know it.

3. I also think that it would be quite wrong for the CDL, as almost her first act in her MPO role, to go round departments "to rekindle the spirit of the Service". This is not only a misreading of the situation, it is also strikingly like the language which was used in the early 70s at the time of the "Wider Issues Review". The main results of that were to unload on an astonished but delighted National Staff Side more benefits than they could ever have hoped for and to cause disaffection among managers right across the Service.

4. Moreover, it is, I think, a mistake for the CDL to commit herself to a mournful round of her colleagues on the advice of the official regime which ends this week, given that the new regime (Sir R Armstrong and Mr Cassels) have had no hand in this scheme but would have to arrange it and help the CDL live with the consequences.

5. Finally, I note that the CDL does not suggest how the morale issue should be dealt with if it comes up after her statement. I suggest that the PM might do so in the words of the draft message to MPO staff as follows:

COVERING PERSONAL AND SECRET

"I agree that the morale of our staff is important. It is people, not systems, who make services work well. I should like all our services to be excellently run. I should like all our staff to have the confidence that comes from a job worth doing and well done and to be proud that they work for the public. I expect the new Office not just to help improve methods of work and efficiency, but also to encourage and help people to give of their best."

CP

C PRIESTLEY
10 November 1981

Enc: Draft letter

DRAFT OF 10 NOVEMBER 1981

PERSONAL AND SECRET

J Buckley Esq
Civil Service Department

FUTURE OF THE CENTRAL DEPARTMENTS

The Prime Minister has seen the Chancellor of the Duchy's minute of 10 November.

2. The Prime Minister thinks that the draft of the statement she is to make on Thursday deals with the question of morale adequately. The message she has it in mind to send to the staff of the Management and Personnel Office also addresses this issue, but the Prime Minister will have it in mind to deal with it during questions after her statement if an opportunity presents itself.

3. The Prime Minister has asked me to say that before the Chancellor of the Duchy of Lancaster undertakes a series of visits to Ministers to discuss what can be done "to rekindle the spirit of the Civil Service" she would like to know why it is thought that morale is at a low ebb. She herself is not sure that this is so.

4. The PM does not think that it would be right to assume that the reaction among departments and staff at large to the intended change in the organisation of the centre will be so seriously adverse or so likely to be lasting as to

require Ministers to be forewarned of it in too sombre terms.

5. I am copying this to John Kerr (HM Treasury), Jeremy Colman (CSD), Craig Pickering (HM Treasury), David Wright (Cabinet Office) and Clive Priestley (Sir Derek Rayner's Office).

C A WHITMORE

The National Archives

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SECRET

File A11

cc CO
CSD
CO
Tsy

Goo Mark

10 DOWNING STREET

From the Principal Private Secretary

9 November 1981

Dear Jeremy,

REORGANISATION OF THE
CENTRAL DEPARTMENTS

Thank you for your letter of 6 November 1981 setting out the timetable for implementing the changes to be announced on 12 November.

I have shown this to the Prime Minister, and she is content with the proposed timetable.

I am sending copies of this letter to Clive Priestley (Cabinet Office), Jim Buckley (CSD), David Wright (Cabinet Office) and Craig Pickering (Treasury).

Yours ever,

Clive Whitmore.

Jeremy Colman Esq.,
Civil Service Department.

SECRET

Govt Machinery

SECRET AND PERSONAL

File 10 AK

CCS TSY CSLO CSD TSY CO

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

FUTURE OF THE CENTRAL DEPARTMENTS

I have shown the Prime Minister your minute A05884 of 6 November 1981 about the title of the new office which is to be responsible for those of the Civil Service Department's present responsibilities which are not to be transferred to the Treasury. She has also seen Sir Derek Rayner's minute of 5 November 1981 on the same subject.

The Prime Minister has pointed out that we have a Cabinet Office and not an Office of the Cabinet and she has decided, in the light of this analogy, that the name of the new office should be the Management and Personnel Office (MPO for short).

I am sending copies of this minute to Mr Kerr (Treasury), Mr Buckley (Chancellor of the Duchy of Lancaster's Office), Sir Ian Bancroft, Sir Douglas Wass and Sir Derek Rayner.

TLW.

9 November 1981

SECRET AND PERSONAL

Ref: A05921

Prime Minister. 9

This is very handsome.

Content?

9 xi 81

SECRET AND PERSONAL

MR. WHITMORE

Future of the Civil Service Department

In my minute of 30th October (A05855) I suggested a redraft of that paragraph in the Prime Minister's statement which will deal with the retirement of Sir Ian Bancroft and Sir John Herbecq. The Prime Minister asked me to turn it from a three-star commendation into a five-star commendation.

2. The paragraph might be recast as follows:-

Sir Ian Bancroft, Head of the Home Civil Service and Permanent Secretary to the Civil Service Department, and Sir John Herbecq, the Second Permanent Secretary, both of whom were due to retire by the end of next year, have with characteristic public spirit accepted that these changes mean their departure from the public service some months early, and will accordingly be retiring at the end of this week. Both have had long and distinguished careers in the public service, and have served the nation with all the ~~skill,~~ devotion and integrity which we expect from our public servants. Sir Ian served successive Chancellors of the Exchequer ~~(my right hon. and noble Friend Lord Butler, Reginald Maudling and the right hon. Gentleman the Member for South East Cardiff)~~ with conspicuous distinction; He was the ~~master builder of~~ did much to build up the Department of the Environment ~~(as its first Director General of Organisation and Establishments, and then in 1975 became its Permanent Under-Secretary)~~ before becoming the Head of the Civil Service in 1977. I am sure ~~that~~ the ~~whole~~ House would wish to join me in this expression of appreciation and gratitude for the many years of distinguished service both he and Sir John have given to the country, ~~and of very good wishes for the future~~ our best.

On Sir Ian Bancroft's retirement Sir Robert Armstrong and Sir Douglas Wass, the Permanent Secretary to the Treasury, will become Joint Heads of the Home Civil Service.

RTA

Robert Armstrong

9th November 1981

SECRET AND PERSONAL

SECRET

Prime Minister

Comment?

Yes

CIVIL SERVICE DEPARTMENT
WHITEHALL LONDON SW1A 2AZ
Telephone 01 273 5400

Sir Ian Bancroft G.C.B.
Head of the Home Civil Service

C A Whitmore Esq
Private Secretary
Office of the Prime Minister
10 Downing Street
LONDON SW1

6 November 1981

Dear Clive,

REORGANISATION OF THE CENTRAL DEPARTMENTS

You asked for an outline timetable for implementing the changes to be announced on 12 November.

On present plans, the new arrangements will be introduced administratively on Monday, 16 November. A short gap between the announcement and the start of the new régime will be required simply to tell the staff concerned about the new arrangement. But the gap should not be more than a very few days, and there is a great advantage in bringing in the new régime at the start of a week. From that date the Chancellor of the Exchequer (acting on behalf of the Minister for the Civil Service) will take day-to-day charge of the functions which are being transferred to the Treasury and the Chancellor of the Duchy of Lancaster will take charge of the Office of Personnel and Management functions. Sir Robert Armstrong and Sir Douglas Wass will become Joint Heads of the Home Civil Service. Staff will know to whom they report and within which organisation (Treasury or OPM) their work falls.

A Transfer of Functions Order is of course needed to legitimise the arrangements. The critical date here is 24 November, when the next meeting of the Privy Council is due. (Should we miss that, we have to wait until 16 December for the next meeting. A 12 November announcement gives us just enough time to get the Order to the meeting on 24 November). We have to wait for a minimum of 5 working days after the Privy Council meeting before the Order is laid in Parliament; this could be done on Wednesday, 2 December. It is then normal to wait for 21 days before

SECRET

C A Whitmore Esq 6 November 1981

bringing the Order into effect; however, because of the possible embarrassments (faint though they are) attaching to administrative operation of the new arrangements without legal sanction, we recommend that a short-cut should be taken (by no means unprecedented) to bring the Order into effect on 8 December. A Minister will need to justify this to the Joint Committee on Statutory Instruments, but that seems far preferable to waiting until 23 December to bring the Order into effect.

The Order has to lie in the Houses for 40 days (excluding days when Parliament is in Recess) during which time it may be prayed against by either House. We doubt if that will have any effect in practice.

I am sending a copy of this letter to Clive Priestley, Jim Buckley, David Wright, and Craig Pickering.

Yours ever,

Jeremy Colman

J G COLMAN
Private Secretary

PERSONAL AND SECRET

SECRET

cc Mr. Lettman

7

CIVIL SERVICE DEPARTMENT
WHITEHALL LONDON SW1A 2AZ
Telephone 01 273 5400

Sir Ian Bancroft G.C.B.
Head of the Home Civil Service

C A Whitmore Esq
Private Secretary
Office of the Prime Minister
10 Downing Street
LONDON SW1

6 November 1981

Dear Clive,

REORGANISATION OF THE CENTRE : CHECKLIST OF ACTION

We thought it would be useful to circulate to those involved the enclosed checklist which describes the major events which will be occurring here during the next week. No doubt others will wish to link into this checklist their own planned activities and actions.

I am sending a copy of this letter and the enclosure to Jim Buckley, Clive Priestley, David Wright and Craig Pickering.

Yours ever,

Jeremy

J G COLMAN
Private Secretary

PERSONAL AND SECRET

SECRET

D - 1 (WEDNESDAY 11 NOVEMBER)

1.	after	2.30 pm	Chairman of Departmental Staff Side to be invited to a meeting with the Establishment Officer on D-Day.
2.	before end of day		Copies of the Office Notice to be collected from the printers and stored securely overnight.
3.	before end of day		Briefing for Chancellor of the Duchy's Lobby correspondents' meeting on D + 1 (serial 5) to be with Private Secretary.

D - DAY (THURSDAY 12 NOVEMBER)

1.		9.30 am	Office Notice to be made available to HMT and Cabinet Office.
2.		10.00 am	IPB and JEH to meet senior staff to: (a) tell them what is proposed, (b) give them copies of the Office Notice and covering message, (c) tell them to tell their Heads of Division later in the afternoon.
3.	time to be arranged		IPB and JEH to see Chairman of Departmental Staff Side in IPB's room; offer meeting with full Departmental Staff Side at 12.00 on D + 1 (serial 4); Chairman not to invite members before 4.00 pm on D-Day.
4.		11.30 am	IPB and JEH depart for Sir Nicholas Morrison's Memorial Service.
5.	after	11.30 am	JGC to alert Press Office and supply copies of draft statement and Office Notice etc; No 10 Press Office to handle.
6.	after	12.00 onwards	JGC to continue to maintain touch with No 10 on text of Prime Minister's statement.
7.		3.30 pm	Authorise circulation of Office Notice in London buildings and at Basingstoke, Sunningdale, Norwich and Chessington.
8.		3.30 pm	JGC sends copies of Office Notice and covering message to Mr Kendall (unless meeting at serial 9 below is on, in which case circulate at meeting).

D - DAY (2)

9.	time to be arranged	IPB and JEH to see Union representatives in IPB's room, if requested to do so by Mr Kendall.
10.	3.30 pm	CSD representative to be in Commons Box and in Lords to hear Prime Minister's statement.
11.	3.30 pm and after	JGC to dispatch letters under IPB's signature and covering the latest draft of the PM's statement to: (a) Heads of Departments; COI, GAD and any others not at Permanent Secretaries' meeting to go by hand, HMSO to go by hand to either London or Norwich. (b) other interested bodies.
12.	3.30 pm and after	Notify Regional Offices by telephone.
13	3.30 pm and after	JGC to invite Deputy Secretaries, Under Secretaries and Heads of Divisions to meeting with IPB and JEH in room 2/82 at 10.30 am on D + 1.
14.	before end of day	Circulate typed draft Order in Council under cover of explanatory minute to selected Heads of Division for comment

D + 1 (FRIDAY 13 NOVEMBER)

1.	10.00 am	Circulate Prime Minister's statement within CSD.
2.	10.30 am	IPB and JEH see Heads of Division (plus Deputy and Under Secretaries) in room 2/82.
3.	at end of serial 2	Deputy Secretaries discuss with their Commands the arrangements for escorting: (a) Sir Robert Armstrong and Mr Cassels (Mr Fraser) (b) Sir Douglas Wass (Mr Le Cheminant) and Sir Anthony Rawlinson (Mr Wilding) on their visits to CSD staff.
4.	12 noon	IPB, JEH see full Departmental Staff Side in IPB's room.
5.	12.30 pm	Chancellor of the Duchy's briefing for Lobby correspondents.

6

PRIME MINISTER

FUTURE OF THE CENTRAL DEPARTMENTS

I am submitting these papers to you yet again because the Office Notice which will tell the staff of the Civil Service Department, Treasury and Cabinet Office about the changes you are planning to announce on Thursday 12 November has to go to the printer on the evening of Monday 9 November and so if you wish to make any changes of substance in what is proposed, we need to feed them in in the course of Monday.

There is one outstanding question which will have to be settled in time to catch the Office Notice. This is the title of the new efficiency unit, and there is a minute from Sir Derek Rayner about this elsewhere in the box.*

There are one or two other loose ends which are still the subject of discussion: for example, Sir Robert Armstrong is sorting out with the Treasury what is to be said about office accommodation under the new arrangements. But these do not affect the printing of the Office Notice.

May I seek your views on two other points ? First, Sir Ian Bancroft's submission of 28 October envisaged that, against the possibility that you would announce the changes in your speech in the Debate on the Address, you would wish to minute your Cabinet colleagues to let them know what was proposed, and he accordingly provided a draft. But now that you are going to make the announcement by means of a statement on Thursday of next week, may I take it that you will tell your colleagues about it at the meeting of Cabinet on the morning of the same day ? The draft minute will serve as a speaking note.

Yes - raise colleagues on Monday:

Second, you will need to see Mr Du Cann. May I suggest that you do that on the evening of Wednesday 11 November when

Yes mt

* now plus one from Sir Robert Armstrong.

you will be in the House for the winding up speeches in the Debate on the Address? There will hardly be time for you to see him on Thursday.

AWN.

6 November 1981

5

Prime Minister.

Ref. A05884

MR WHITMORE

Future of the Central Departments

The drafts attached to Sir Ian Bancroft's minute of 28 October refer to the proposed new office as the Office of Management and Personnel (OMP).

2. When we were first discussing the title, we were inclined to suggest that it should be called the Office of Personnel and Management (OPM). Sir Derek Rayner was anxious to put management first, partly to emphasise the importance attached to it, and partly to discourage any possible misunderstanding that it might be an office of personnel management (rather than personnel and management).

3. I understand those considerations; but I have to say that I do not think that the resulting acronym is a very happy one to attach to the new office. There is something slightly ludicrous about OMP, and it lends itself too readily to a range of faintly derisive variations. Perhaps I am being unduly sensitive but I should have preferred not to add to the problems with which the new office will have to contend at the outset by saddling it with an acronym which will help people to make fun of it.

4. I should, therefore, greatly prefer to stick to Office of Personnel and Management (OPM).

5. I am sending copies of this minute to Sir Ian Bancroft and Sir Douglas Wass, who will be content to revert to OPM and to Sir Derek Rayner, who would prefer to stick to OMP.

RTA

ROBERT ARMSTRONG

6 November 1981

SECRET AND PERSONAL

File A4 4

Cos Tsy
CDLO
CO
Tsy PUSS
Sir D Rayner

10 DOWNING STREET

From the Principal Private Secretary

SIR IAN BANCROFT

FUTURE OF THE CENTRAL DEPARTMENTS

In my minute of 30 October 1981 I said that the Prime Minister had decided to make the statement about the reallocation of the Civil Service Department's functions in the week beginning 9 November.

Following consultations with Lady Young, she has now concluded that the best day in that week to make the statement would be Thursday 12 November.

I am sending copies of this minute to Mr Kerr (Treasury), Mr Buckley (Office of the Chancellor of the Duchy of Lancaster), Sir Robert Armstrong, Sir Douglas Wass, and Sir Derek Rayner.

AWW.

5 November 1981

SECRET AND PERSONAL

OIU

3

SECRET

Prime Minister.

I think Sir Derek Rayner has a good point about the title. But Sir Robert Armstrong fears that the abbreviation OMP will give rise to jokes. He is discussing alternatives with Sir Derek & Mr Cassels*. I have suggested using the current Department of Management and Personnel. "Office" has a slightly ra- further ring, anyway. Do you have any views? AJ

PRIME MINISTER

FUTURE OF THE CENTRAL DEPARTMENTS

I understand that you will be announcing your decision to establish an Office of Management and Personnel and to reinforce the Treasury next Thursday. (If I may say so, incidentally, I strongly support "Management and Personnel" as the title in preference to "Personnel and Management".)

2. As I am leaving London for the Far East and Canada tomorrow, and shall not be back until the end of the month, may I send you my good wishes for the day of announcement and for the new arrangements?

* There is now a minute from Sir Robert Armstrong on file 'A'. MCS.

3. If I may, I should like to see you briefly in December to agree on the ways in which I can be of most use to you and your colleagues in the new circumstances. My office will consult Miss Stephens about dates, but I shall in any case let you have a note beforehand of the points I would like to cover.

4. I am copying this to the Chancellors of the Exchequer and the Duchy of Lancaster, Sir Robert Armstrong and Mr Cassels.

Derek Rayner
5 November 1981

You may like to have a copy of my minute to Robert Armstrong about the title of the office.

Why do we need to have the word 'office' in front? We are not the Office of the Treasury but the Treasury. Can we just be Management & Personnel? or M.P.O?

SECRET

2

Sir Robert Armstrong

THE FUTURE OF THE CENTRAL DEPARTMENTS

I attach copies of a minute I have sent to the Prime Minister and of letters I have sent to the Chancellors of the Exchequer and the Duchy of Lancaster.

2. I am also writing on a personal basis to Sir Ian Bancroft and Sir John Herbecq.

3. There is nothing I need to add here, save to say that I should like to see Sir Douglas Wass, Mr Cassels and yourself before seeing the Prime Minister and to offer a comment on the title of the new office.

4. I have seen Mr Cassels's minute to you of 3 November on the title, with which I very much agree. I do not think that you should worry too much about the sound of "OMP": we live quite happily with "Marks and Sparks" and indeed call our house magazine "Sparks".

5. More importantly, I think it vital that the word "Management" should have the first place in the title. This represents the Prime Minister's intentions and it could, and I think would, be very damaging if the office were to be thought of as simply a "personnel management" department. I am bound to say that I would be unhappy if, after all that has happened, the preference was for "OPM".

6. I am copying this to the Chancellors of the Exchequer and the Duchy of Lancaster; the Minister of State, CSD; Sir Douglas Wass and Mr Cassels.

Derek Rayner

Derek Rayner
5 November 1981

Ref: A05887

SECRET

Note. Before Recess. The Tory accept X1 and Y1.

MR. WHITMORE

Future of the Central Departments

The Chancellor of the Exchequer in his minute of 30th October recommended that the letter about the re-organisation which the Prime Minister is being invited to send to her colleagues, should express her own commitment to the re-location of members of the CSD as closely as possible to their colleagues in their new Departments.

2. It would indeed be a considerable help if the letter to the Home Secretary could state the Prime Minister's view of the matter, and the draft paragraph proposed by the Chancellor would do very well in respect of the CSD staff who go to the Treasury. I am afraid, however, that it will not quite do as it stands for those who come to the Office of Personnel and Management (OPM), because there is no way in which the OPM can be located in the same building in Whitehall as the Cabinet Office. I think that the requirement for re-location should be that those CSD divisions which go to the Treasury should be located in the main Treasury building; and those that go to the OPM should be located as closely as practicable to the Cabinet Office and to the Treasury: this could entail a move out of Old Admiralty Building. On that basis a new paragraph 6(a) in the ltter to the Home Secretary could be worded as follows:-

X

> "In order to derive the maximum benefit from the reorganisation, I shall wish to see the staff at present in the CSD located as near as possible to the Treasury and the Cabinet Office."

3. On a small point of detail on the Chancellor's amendment to the first note for supplementaries, I think that the first sentence could, with advantage, be altered to read:-

Y

> "There are certain aspects of Civil Service management with which the Prime Minister must be particularly closely concerned, notably personnel management and appointments."

SECRET

4. I am copying this minute to the Private Secretaries to the Chancellor of the Exchequer, and the Chancellor of the Duchy of Lancaster, and to Sir Ian Bancroft, Sir Derek Rayner and Sir Douglas Wass.

RTA

Robert Armstrong

4th November 1981

PART 4 ends:-

CAW to PM 30.10.89

PART 5 begins:-

RTA to CAW A05887 4.11.89

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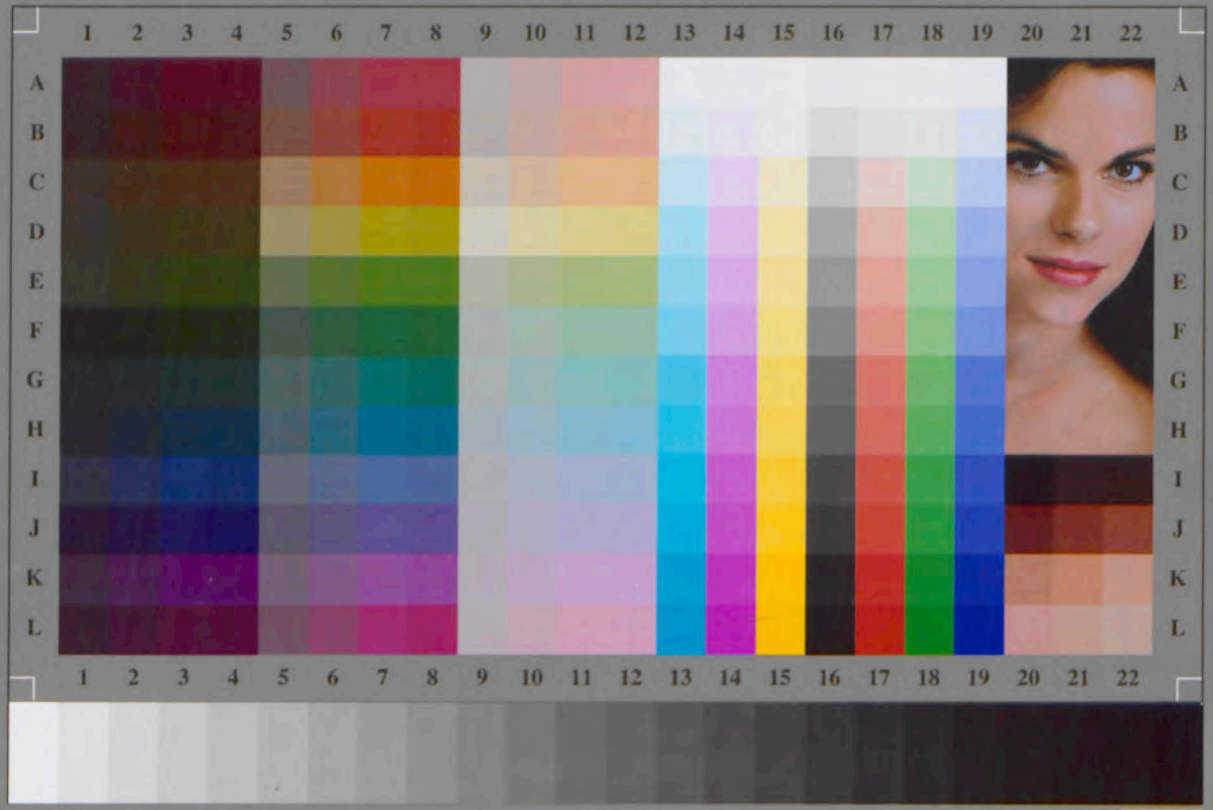

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