




10 DOWNING STREET

Prime Minister

Ray Whitney has sent me a copy of his letter to Derek Rayner of yesterday's date, together with a copy of the article which he has written for The Times about a possible "Prime Minister's Department" and these I attach.

29th August, 1980


Ian Gow

Michael A. - I mentioned this
to you. do we know any
more about Nelson
Laseris department?
mg



HOUSE OF COMMONS

LONDON SW1A 0AA

Telephone: 01-219-5099

28th August 1980

Sir Derek Rayner,
10, Downing Street,
London S.W.1.

Dear Sir Derek,

As a former civil servant, (I resigned as Head of the Overseas Information Department of the F.C.O. to fight the Wycombe by-election in April 1978) I am delighted that there now seems to be a wide measure of agreement that "something must be done" about the Civil Service Department - cautious though we should certainly be about major reorganisations of the Whitehall machine. I believe, however, that there is an alternative to the reunification of the C.S.D. with the Treasury which deserves careful examination and which is likely to offer much better results in the control of the Civil Service and the exercise of ministerial collective responsibility.

That alternative is the creation of a Prime Minister's Department. I enclose a copy of an article outlining this possibility written for The Times. (They intended to publish last week. I asked them to delay as I was overseas but we are now caught by the current strike.) Within the constraint of one thousand words, only the most general treatment was possible and some important issues (such as ministerial staffing of a P.M.D.) were not even mentioned but I hope the main message is reasonably clear.

I intend to write a pamphlet examining the proposal in suitable detail but this will take a few weeks to produce and I understand that decisions on the C.S.D. are to be taken fairly quickly. Should you, therefore, wish to meet to explore these ideas further, I should be very happy to do so. (I am away 2-16 September.) You will not need me to remind you that if we embark on organisational changes, we must get them right first time. We cannot afford more of the sort of mistakes made by the Heath government.

I believe that the solution set out in your paper addressed to the Civil Service Sub-Committee on 22 July has a number of weaknesses, (for example, the inappropriate - and probably

Sir Derek Rayner
28th August 1980

insupportable - loads which would be created for the Chancellor and Chief Secretary) which could be avoided with a Prime Minister's Department - although I certainly agree that a merger of the C.S.D. with the Treasury would be better than continuing with the present situation.

I first saw something of the working of the Australian Prime Minister's Department when I was seconded to the Australian Government for two years in the 1960's. I have recently brought myself up to date in talks with the Number Two in the Department and with other Australian ministers and officials.

Yours sincerely,

Ray White

c.c. Ian Gow Esq., M.P.

AN AUSTRALIAN REMEDY FOR WHITEHALL'S ILLS?

by Ray Whitney

There are two sets of problems which face British governments of every complexion - how to develop and project a cohesive set of policies when, inevitably, the Cabinet represents a balance of forces, and how to transform the smothering octopus of the civil service so that the talent it possesses can be better used for the modernisation of Britain.

In 1968 Harold Wilson turned to Fulton and his colleagues but fatally hamstrung their efforts by confining them to the civil service. They were not allowed to look at the machinery of government. A decade ago, David Howell, now in Mrs Thatcher's Cabinet, examined the problems in pamphlets advocating a "new style" of government. They make depressing reading today, when the structure he criticised is virtually unchanged and the situation is worse. In 1970 Ted Heath set up the Think Tank. In 1974 Harold Wilson formed a Policy Unit. In 1979 Margaret Thatcher recalled Sir Derek Rayner to work again on the civil service machine.

Many academics and other commentators continue to analyse the problems but fail to offer proposals for reforms which would be effective and quick-acting.

The bitter irony is that a solution has been on hand for a long time. It is one which could soon produce a more integrated government effort and also create the conditions for a fundamental overhaul of the administrative machine in the longer term. That solution

would be the creation of a Prime Minister's Department.

It is an idea ^{which} has been resisted steadily by Ministers and mandarins, each group fearing that it would encroach on their own preserves of power. Even Prime Ministers have opposed it. Harold Wilson, preferring his own Byzantine manoeuvring, condemned it as a "delusion" and quoted with approval the assessment of Professor G. W. Jones that with such a Department a Prime Minister's "personal power and influence might be reduced."

Opponents of a Prime Minister's Department sometimes seek to support their case by pointing to experience overseas but take their examples from countries such as the United States and France where the constitutional, political and historical traditions differ so much from our own that they have little relevance. A much more valid case study is available.

Australia has had a Prime Minister's Department for nearly seventy years - and it works. It has changed over the years and it is certainly not without either faults or critics but there are few, if any, Australians in public life who do not regard it as an essential part of the government system. They find it difficult to understand how we can operate in Britain without a comparable arrangement.

The Prime Minister's Department in Canberra fulfills the same function as our Cabinet Office in servicing the Cabinet and its various Committees but it also does a great deal more. It is not merely a machine for shuffling the paper or even just for acting as arbitrator between Ministries in dispute. It operates eight

Divisions which cover the whole range of government activity and seek to achieve the maximum degree of co-ordination between the Ministries, in line with the overall policy laid down by the government of the day.

The Department is charged with assisting not only the Prime Minister but the Cabinet as a whole and has not meant that the Prime Minister becomes "Minister of everything". It ensures that the discussion of any new policy proposal is as informed as possible - which should surely be the aim for British Cabinets. For example, in Whitehall the rule that papers for discussion by Cabinet Committees should be received by participants 48 hours before the meeting ^{has often been used} _{to reduce the} possibility of opposition being mobilised by other Departments.

In Australia the Prime Minister insists that, except for emergency issues, papers should be circulated by his Department ten days ahead of the discussion.

Each division of the Prime Minister's Department is staffed by high-quality people who are very experienced in the speciality they are covering. They are well equipped to probe and prod the other Ministries to ensure that each proposal put to the Cabinet or its various Committees has been fully researched and that the policy issues at stake are clearly spelt out. Sometimes they go too far and are disowned by the Prime Minister. They accept this as an occupational hazard, recognising the democratic necessity of political control.

When a submission from a Ministry is accepted and circulated, the Australian Prime Minister's Department prepares a short analysis and critique of the proposal, significantly improving the level of

debate of the issue in Cabinet. There is plenty of evidence - past and present - that British Cabinets need a similar service. Ministers tend to be so overwhelmed with the burden of running their own Departments that they usually have little time, energy or resources to concentrate on matters which are not their immediate concern. The temptation to say "That is X's problem. I'll leave it to him and hope he's got it right" is very strong.

The creation of a Prime Minister's Department could well lead to a reduction rather than further proliferation of the bureaucracy. Nor would it really involve a major upheaval - simply a re-definition and expansion of the current responsibilities of the Cabinet Office. A Prime Minister's Department could, with great advantage to the efficiency of the government machine, roll up the functions of the Cabinet Office and its agencies (including the CPRS which, under Sir Kenneth Berrill, declined sadly from the position it enjoyed under Lord Rothschild), the Civil Service Department, which has failed so lamentably to realise the hopes of the Fulton Committee and the Civil Service Commissioners. Other candidates for inclusion would be the Exchequer and Audit Department and the Central Office of Information. There would be great scope for staff economies as well as enormous improvement in policy co-ordination.

I do not underestimate the power of the forces of inertia and vested interest to defend our present inadequate system but I believe that there is an overwhelming case for examining carefully the Australian experience of the operation of a Prime Minister's Department. We must find - and quickly - a mechanism suited to present realities rather than to Cabinet government as it functioned in the nineteenth century.