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PRIME MINISTER

THE ORGANISATION OF THE CENTRAL DEPARTMENTS: THE ARRANGEMENTS
AT PERMANENT SECRETARY LEVEL

This is the note I promised about the arrangements at Permanent Secretary level in the event of a merger of the Treasury and the core of CSD.

2. There are two main questions. First, should the new department have one Permanent Secretary or two? And, second, where should the work of the Head of the Home Civil Service be located? Neither question is crucial to the decision whether to merge the central departments. But if you were to decide in favour of a merger, there would be enquiries from the Press and others about the Permanent Secretary arrangements as soon as your decision was announced and it would be best to have the answers ready.

ONE OR MORE PERMANENT SECRETARIES?

3. Before 1956, Lord Bridges managed to combine the responsibilities of permanent head of the Treasury and Head of the Home Civil Service. He achieved this partly by delegating a lot of work on the financial and economic side to a Deputy Permanent Secretary. Between 1956-62 the Treasury had two Joint Permanent Secretaries. One of them - Lord Normanbrook - combined his Treasury (civil service) job with that of Cabinet Secretary. He found this too heavy and on his retirement his responsibilities were split between a full time Joint Permanent Secretary of the Treasury (Lord Helsby) and a full time Cabinet Secretary (Lord Trend). This was a recognition of the fact that the central management of the Civil Service had grown in both volume and complexity. And, of course, since 1968 there have been two "super" Permanent Secretaries in charge of the CSD and the Treasury respectively.

4. On sheer work-load grounds the case for Joint Permanent Secretaries is very strong. If there were to be only one Permanent Secretary he would have to delegate very extensively and even so he would not be able to give his Ministers the sort of personal service to which they are accustomed. Ministers would have to understand and accept this.

5. The process of merger and integration would itself create extra work at top official level for a period. If the initial merger were to be a straight forward reconstitution of the "Management" and "National Economy" sides while closer integration was being planned, it might be sensible to have a Joint Permanent Secretary arrangement. It would provide some capacity for supervising the necessary planning at a time when the pressures of normal Treasury and CSD work would be very intense.

6. Greater integration either at the outset or as a second stage would make it difficult to devise a situation which left one Permanent Secretary with unambiguous and unified responsibility for Civil Service management, and likewise the other for macro-economic management. And anyway, it is normally better to have a single head of an organisation.

7. I do not feel strongly either way: each course entails risks. And since I have an obvious personal interest I would prefer not to make a recommendation, but leave it to you (and perhaps your interested colleagues) to make a judgement. Sooner or later it is likely that one of the "super" Permanent Secretaries would have to be required to go early.

8. A merger would also have implications for the numbers and duties of Second Permanent Secretaries. These would need working on, once we know your mind both on the question of merger itself and the "super" Permanent Secretary arrangements.

HEAD OF THE HOME CIVIL SERVICE

9. There is also the question what to do about the post of Head of the Home Civil Service. If the Joint Permanent Secretary arrangement is adopted for a time, no immediate problem arises. The rest of this note assumes that there would be a single Permanent Secretary.

10. The title itself may be of little value and could be dropped. Its forfeiture would not, I think, be welcomed in the Service. Every big organisation likes to have an identifiable head: vide the Diplomatic Service and the three Armed Services. Anyway the work would remain. It takes a fair amount of time and is not susceptible of much delegation. It has three main components. The first entails dealing with management and personal problems at top official level. The second is the identification and development of people suitable for the most senior posts in all departments. Clearly, this is important and is closely linked with the future efficiency of the Civil Service. The third is the representational role. None of this work can be delegated below Permanent Secretary level.

11. There would be three options for the allocation of these functions if the Treasury and CSD were merged under a single Permanent Secretary. They could be made the responsibility of:

- (a) the Secretary of the Cabinet;
- (b) a "doyen" who could be the Permanent Secretary of any department so long as he had the necessary personal qualities;
- or (c) the Permanent Secretary of the merged Treasury and CSD.



12. So far as the capacity to take on the additional work is concerned, there is little to choose between these three options. But functionally, there are close links between the Head of the Service's work and the responsibilities for the central management of the Civil Service. The Cabinet Secretary and a "doyen" would, therefore, need to rely very heavily on the support and advice of the unified Central Department.

13. In view of this, I recommend that the work should be allocated to the Permanent Secretary of the Central Department.

14. I am sending copies of this minute to Sir Douglas Wass, Sir Robert Armstrong and Sir Derek Rayner, though I must make it clear that I have not consulted them. You may wish to send copies to the Chancellor of the Exchequer and the Lord President.

IRB

IAN BANCROFT
4 July 1980

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