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NOTE FOR THE RECORD

The Prime Minister held a meeting at 10 Downing Street on 14 November, to consider further the organisation of the Central Departments. In addition to the Prime Minister, the meeting was attended by the Chancellor of the Exchequer, the Lord President of the Council, Sir Ian Bancroft, Sir Robert Armstrong, Sir Douglas Wass, Sir Derek Rayner, Mr Whitmore, Mr. Wolfson and Mr. Pattison.

The Prime Minister concluded that two measures proposed in the Chancellor's minute of 13 November should be implemented, although no announcement would be made for the time being. These were:

- 1) The CSD division concerned with financial systems in Departments should be transferred to the Treasury;
- 2) The Treasury should develop a capacity to pull together the strands of public service pay.

The Prime Minister concluded that the central issue raised in discussion of the organisation of Central Departments was that of effective control of public expenditure. She was not convinced that a merger of the Treasury and the Civil Service Department would itself remedy the present weaknesses in the system, and she was therefore inclined against a merger. She agreed to consider the problem of expenditure management, and the relationship of manpower management, further. She asked Sir Derek Rayner, in particular, to give further thought to means of achieving greater strength of control on money and manpower at the centre.

The Prime Minister said that she intended to tell the Chairman of the Treasury and Civil Service Select Committee of her current line of thought. She did not intend to announce any decisions

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on these matters until his committee had had a chance to make its report on the Central Departments issue.

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