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SUBJECT



10 DOWNING STREET

*From the Private Secretary*

MR. BUCKLEY  
LORD PRESIDENT'S OFFICE

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The Lord President and Sir Derek Rayner touched upon the organisation of central departments in their meeting with the Prime Minister this morning. The Lord President confirmed that the factual report by the project team would be ready at the end of the month. The timing of the Select Committee's report remained uncertain. His own judgement was that it might make no agreed recommendation. In his view, if the Government was going to go for a merger, this should be set in hand in time for the Christmas recess period to be used. He and Sir Derek Rayner both felt that the merger was the correct decision. The system had, on balance, not gained enough from the split of functions, and CSD lacked clout with Departments because it did not control funding. Although the direct saving to be achieved from a merger was a relevant factor, this was not crucial to a judgement as to whether the current organisation was the best available. The Lord President felt that, politically, it was important not to allow the Select Committee to reserve their comments until after the Prime Minister had reached a decision.

The Prime Minister confirmed that she believed a merger to be right in principle, but she said that she wished to see signs of real savings before committing the Government to the expense of change. Sir Derek Rayner said that the scope for savings was still being examined, but there would clearly be some from common service areas.

The Prime Minister said that she would speak to Mr. du Cann again, and would press him to arrange for the Select Committee to produce a recommendation within a month or so of the re-assembly of Parliament.

I am sending a copy of this minute to Mr. Priestley in Sir Derek Rayner's Office.

M. A. PATTISON

15 October 1980

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