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Mr. Pattison

cc Mr. Allen

For information.

File

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18.11.80

SIR DEREK RAYNER

## CIVIL SERVICE MANPOWER AND COSTS

Thank you for your minute of 15 May which was most interesting and useful to me. I read out the substance of it at the meeting of Permanent Secretaries today, as I thought it helpful to inject your points into the debate. This turned out, as I expected, to be largely of a mind clearing character, helping to identify problems to explore in the future and pointing to the approach we might adopt - to get departments planning quickly for 1981/2.

Colleagues very much supported your view that the target set could only be met if specific proposals for simplification and dropping of functions could be adopted. They also noted your view that there might be a case for an official other than the PEO to be made available to mastermind the exercise. I made it clear that this was a matter which must be for each Permanent Secretary to decide according to the circumstances in his own department. (I suspect that in practice many will choose their PEOs, as the most experienced officials in this field who can most quickly take up the challenge).

After some reflection, colleagues said that they would, in fact, welcome sorties from CSD to discuss the most constructive way forward, and how matters looked from their point of view. I myself feel this will offer us immediately the best chance of getting things moving without delay, but share your view that we must ensure that the rationale of the exercise is properly understood both by Ministers and officials. One opportunity to explore this further might perhaps be when you see Permanent Secretaries and later Principal Establishment Officers on 28 May. Another will be when we prepare a progress report for Ministers in July. I plan to reconvene the group of Permanent Secretaries to look at the draft skeleton of our report, which we hope Ministers can consider at the penultimate Cabinet this summer.

*Again!* In this connection, it is worth noting that Permanent Secretaries this morning indicated that they would want to come back to Ministers in July for more guidance on whether the exercise was primarily about numbers - as seems from the target - or costs. They wanted to prepare illustrations of the results that concentration on the former could have, both in terms of contracting out work at greater cost and in undermining the morale of officials in trading funds, or revenue earning operations.

As for your own role, I expressed my hope that other departments would follow the Customs and Excise example and seek your views on their particular problems. There was a clear indication of a desire to do so, and an interest in the general experience so far from projects and scrutinies. No doubt these meetings will provide the mechanism for you to explore further the 'unthinkable' you mention - though as you say, (and colleagues echoed in discussion) many of these are rather longer term possibilities.

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I will let you have a copy of the note of the meeting of Permanent Secretaries as soon as it is available, and look forward to our talk on 27 May, in preparation for 28 May.

I am copying this to Robert Armstrong.

SRB

IAN BANCROFT  
16 May 1980