

Civil Service
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PRIME MINISTER

Inspector General of the Civil Service

You are due to discuss the attached note by Sir Derek Rayner when you have dinner with him tomorrow night. I also attach below a note by Mr. Hoskyns which you have not seen before.

I do not really understand what Mr. Hoskyns means by "cultural problems" but I do agree with him that Sir Derek Rayner's proposal that there should be an Inspector General of the Civil Service needs thinking about very carefully before you reach a view on it. We need to be clear that the Inspector General would make an effective contribution of a kind which we lack at present but would not at the same time create a new parallel bureaucracy. The terms of reference which Sir Derek Rayner proposes for him in paragraph 10 of his minute are very wide ranging indeed and if they were carried out effectively, would demand a substantial effort across the whole of the Civil Service. Yet, in paragraph 17, Sir Derek Rayner envisages that the Inspector General's team would number ~~more~~^{no} more than ten. Even if these people were of the highest quality as Sir Derek Rayner proposes, I doubt whether they would be able to help the Inspector General make the impact expected of him. I would have thought a considerably bigger supporting cast would be needed.

But then we need to ask what the effect would be on the Departments at the receiving end. They would find themselves dealing with both the Treasury/CSD and the Inspector General and his staff and this increase in the workings of the bureaucracy seems likely to me to offset many of the benefits the Inspector General might bring.

The alternative - which would avoid the duplication of bureaucracy which I have just mentioned - would be to put the Inspector General inside the Treasury/CSD, as

/Sir Derek Rayner

Sir Derek Rayner envisages in paragraph 18 of his minute. But once the novelty of the institution had worn off, how different would the day-to-day reality of the relationship between the Treasury/CSD and other Departments be from what it is now? As I say, I think the concept of an Inspector General of the Civil Service needs thinking through very carefully before you take any decisions about it. If you think it worth exploring further, the next step might be for Sir Derek Rayner to work up a paper which we could consider in the same ~~form~~^{forum} as the one where you will be discussing the question of the possible unification of the Treasury and CSD i.e. the group consisting of the Chancellor, Lord President, Sir Ian Bancroft, Sir Robert Armstrong, Sir Douglas Wass and Sir Derek Rayner.

JWW.

7 July 1980

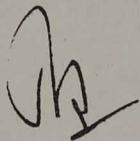
H. H.
PRIME MINISTER

THE DEREK RAYNER PROPOSALS

You are discussing these with Derek Rayner tomorrow evening.

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We believe that these proposals, which are largely concerned with organisation and cost-effectiveness, do not really go to the heart of the cultural problems. We feel strongly that it would be most unwise to make early decisions on the Rayner proposals without a good deal more thinking about the cultural aspects. Without addressing those, organisational change will change nothing that really matters, any more than the original setting-up of CSD did.

I would therefore strongly urge that you make no substantial decisions at this stage. I know that David feels much the same as Norman and I do on this question and we would welcome a chance to discuss it with you as soon as it is convenient.



7 July 1980