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Ref. A02554

PRIME MINISTER

The Organisation of the Central Departments: Arrangements
at Ministerial Level

This note is intended to expand paragraphs 19 to 21 of the memorandum enclosed with Sir Ian Bancroft's minute of 30th June about the implications of a merger of the Treasury and the Civil Service Department at Ministerial level.

Existing dispositions

2. At Ministerial level the present appointments in the two departments are as follows:

Treasury

Chancellor of the Exchequer	(Cabinet)	(Sir Geoffrey Howe)
Chief Secretary	(Cabinet)	(Mr. Biffen)
Financial Secretary		(Mr. Lawson)
Minister of State		(Mr. Rees)
Minister of State		(Lord Cockfield)

Civil Service Department

Lord President	(Cabinet)	(Lord Soames)
Minister of State		(Mr. Channon)

3. In this Government, as in the last, the Cabinet Minister in charge of the Civil Service Department has combined that with the Leadership of the House of Lords, and, at times when there were more Cabinet committees, the tendency was to use this Minister to chair some of the Ministerial committees which the Prime Minister did not wish or need to chair himself.

4. Experience while Lord Soames was in Salisbury suggests that the Ministerial work of the Civil Service Department can be carried without overstrain by one Minister. That might not be the case if the one Minister was a member of the Cabinet who was expected, by virtue of his political position, to take a large part in the work of Cabinet committees in which the Civil Service Department had no departmental interest.

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5. As for the Treasury, my impression is that, while the Chancellor carries a very full and the Chief Secretary a reasonably full load of work, that may not be the case at junior Minister level: I understand of course that there are political reasons for having three junior Ministers, but I believe that the existing workload alone would not justify more than two.

Requirements for a merged Treasury-CSD

6. The Prime Minister could continue to be, as you are now, Minister for the Civil Service as well as First Lord of the Treasury: indeed you would have so to continue unless and until a Transfer of Functions Order transferred the functions of the Minister for the Civil Service to the Treasury. If all the Civil Service Department's functions went to the Treasury, there would be no technical need to retain the title of Minister for the Civil Service: it would be enough that you were First Lord of the Treasury. But there might be some political advantage in your retaining the title, at a time when the Civil Service Department was losing its identity in the Treasury: it would be seen as a demonstration that you were not proposing to give up your responsibilities for and your interest in the efficiency and welfare of the Service.

7. I believe that the Chancellor of the Exchequer would have to continue to be in overall charge of the Treasury, and to accept that he had ultimate responsibility, under the Prime Minister, for all the business with which it dealt. He would have therefore to find some time for Civil Service matters. But I think that he could limit that, by delegating to other Treasury Ministers.

8. One of the main purposes of the merger would be to bring control of resources and finance and control of manpower under single direction. This strongly suggests that the Chief Secretary should be responsible for the manpower control, management and efficiency aspects of the work which the Civil Service Department now does. So long as he continues to be a member of the Cabinet, he should have the status and authority to be accepted, as he now is on matters of expenditure, as the Minister in charge, and there should be no "appeal to the Chancellor".

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9. On other matters now dealt with by the Civil Service Department mainly pay and personnel management, including training and recruitment, day-to-day responsibility could be delegated to a junior Minister, who could be identified as the junior Minister with specific responsibility for these matters, and could give them first priority. He might report either to the Chancellor or to the Chief Secretary, or to one on some matters and the other on others. But, as the Chancellor of the Exchequer is bound to be closely interested in pay questions by virtue of his wider responsibilities, it would probably make sense for him to be the "lead" Minister on pay, and for the junior Minister to report to him at least on the pay aspects of his work.

10. I believe, therefore, that it should be possible to organise the work at Ministerial level in the Treasury on the basis of a team of five Ministers, interconnecting on the lines of the diagram attached.

11. There may be other personal or political considerations which would justify or require a larger team. For instance, the Treasury has a considerable parliamentary load to carry, including the Finance Bill. This may well require not fewer than five Ministers in the Commons, if the burden on the Chancellor is to be supportable. If one of the Ministers in the enlarged Treasury was to be a member of the House of Lords, there would have probably to be six Ministers; and in that case the work at Minister of State level would no doubt be differently distributed.

12. I have not sent copies of this minute to the Chancellor of the Exchequer or the Lord President.

RA

(Robert Armstrong)

7th July, 1980

