

PRIME MINISTER

THE EFFICIENCY OF CENTRAL GOVERNMENT: LASTING REFORMS

1. You envisage a special Cabinet meeting to consider manpower management in the Civil Service and, perhaps, a paper from me on "conventions". This meeting would be after the pay settlement and associated manpower cuts have been decided.
2. I attach a submission containing my thoughts on "conventions" (or "lasting reforms"). It is introduced by a summary of the recommendations I make in it, together with comments on a possible programme of work. If you agree, this summary might provide the agenda for a discussion between us.
3. May I draw your attention to these points before you read my submission, please?
 - a. The minute is intended only for you at this stage. I would have it in mind to prepare another version for wider circulation, should you wish that; such a version would need to guard your prerogative in respect of machinery of government (Recommendations 4 and 5) and honours (Recommendations 6 and 7).
 - b. A principal purpose of the submission is to establish whether the points which I regard as important are indeed the most important to you and whether you have other questions in mind.
 - c. The main paper on manpower management should, I suggest, come from Mr Channon. But I should add that I regard a determined policy of reducing the functions of Government and the length of the Civil Service hierarchy as not only important in their own right but as very important to the morale of the nation (including the Service itself) and to other public sector employers.

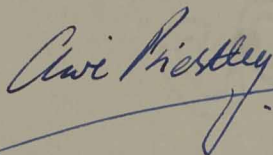
d. My proposals aim at strengthening management by and under Ministers in their departments; at strengthening you and your "central" colleagues in your leadership of management by the Cabinet as a whole; and at beneficial changes in the managerial culture of the Service as a whole. Some proposals, eg the cessation of automatic honours for senior officials, are intended to have a galvanising effect.


e. Some of my proposals - eg for defining the managerial roles of Ministers and Civil Servants (Recommendations 1-3) or for regularising the financial framework (Recommendation 13) - may seem humdrum. But I firmly believe that such action is needed; that it would crown much useful work that has been going on slowly over the last 10 years or so; and that we cannot afford to continue with the ill definition of the nature and extent of responsibility for resources which is so marked in much of the Government Service.

f. Other proposals - for re-stating the aims and practices of central control, amalgamating parts of the CSD with the Treasury and providing the Prime Minister with an "Inspector-General of the Civil Service" (Recommendations 4 and 5) - may seem, by contrast, needlessly dramatic. I do not think they are. I believe that you, your colleagues and the nation are entitled to administrative practice and machinery which are robust enough to save you and your successors from the need for more "Rayners". To balance strong departmental management, the head of the Government, the Chancellor and Cabinet need strong central management. And I have proposed the idea of an "Inspector-General" to raise the question whether you want to institutionalise an independent "quality assurance" function near you after my return to Baker Street.

g. There are few perfect or ready-made solutions. For example, the merged Treasury/CSD could, without taking very great care over the design and working arrangements, impose too heavy new burdens on the Chancellor and Chief Secretary. It would therefore be necessary to spend time on some of the matters I raise in order to arrive at workable conclusions. If, after discussion, we find that we are in agreement, my next task would be to prepare a detailed programme of work and the paper for wider circulation. I should, if you agreed, consult Sir Geoffrey Howe, Mr Channon and senior officials in doing so.

4. I should be grateful if Mr Priestley and I might discuss the submission with you when you are ready.



 Derek Rayner
26 March 1980

(Prepared by Sir Derek Rayner in Canada and signed in his absence with his permission)