



file

10 DOWNING STREET

From the Principal Private Secretary

SIR DEREK RAYNER

Management of the Civil Service

When you came to see the Prime Minister this afternoon, you said that you thought that the Cabinet had had a useful discussion at their meeting the previous day on the question of the management of the Civil Service. It was good to see Ministers taking an interest in this vital subject. It was, however, important that their officials did not give them too much detail about the organisation and staffing of their Departments. They would be effective in improving the management of their Departments only if they got the right officials as their Principal Establishment Officers and Principal Finance Officers. These were the key officials who, working through the Permanent Secretary, would see that Ministers asked the right questions and directed their attention to the right areas of work. It must be a key part of a Department's manpower plan to get the right man into the PEO and PFO posts. There were people of the right quality already in the Civil Service, but it might take a little time to get them into post. We had to recognise that where these appointments were filled at present by people not totally suitable, it might take time to make the necessary changes. More use of voluntary retirement might be needed.

You went on to say that the role of the CSD would be particularly important in the drive for improved management. It was essential that they chose the right man to head the group which would be co-operating with Departments in their reviews of their functions

/and

and activities and in the preparation of their plans for improving their efficiency. The CSD's role in this must be open and constructive and not fussy and negative, as Departments had complained to you the CSD sometimes were. In response to an invitation from the Prime Minister you said that you would let her have the names of one or two possible candidates for the job of leading the CSD team. You also suggested that the Prime Minister should minute her colleagues emphasising the importance of following up energetically the conclusions of yesterday's Cabinet meeting.

More generally, you said that you believed that the Prime Minister's search for improved management and efficiency in the Civil Service was having the right effect in Whitehall, and that Permanent Secretaries were anxious to be helpful. Some of them were, however, a little fearful about what they saw as a substantial increase in workload, and it was important to make clear to them that nobody was expecting that everything was going to happen at once. When the Prime Minister saw Permanent Secretaries the following week, she might assure them that she saw the task of improving management as essentially one for them to take the lead on. Nobody was attempting to usurp their responsibilities; nor were outsiders going to be put into their Departments. They would remain in charge of their own show but equally, it was for them to bring about the improvements in efficiency and savings in manpower which the scrutinies, which they themselves had selected and manned, had shown were there to be made.

You added that it was important that the Prime Minister should convince them that her interest in improving the management of the Service was not a passing one and would, on the contrary, be sustained throughout the life of the Parliament.

The Prime Minister said that she welcomed the suggestion that she should minute her Cabinet colleagues about the development and implementation of departmental manpower plans following the Cabinet's discussion the previous day, and she would arrange to do this. She

/ would

would also want to discuss with the Lord President and Sir Ian Bancroft who would head the CSD team which would co-ordinate the work of Departments on all this. When she saw Permanent Secretaries the following week, she would make the points which you had suggested and she would be grateful if you could let her have a note for this purpose. She would also let them know that in order to keep in touch with them about their work on improving the efficiency of their Departments, she would hold a reception for them in six months' time and give another dinner in a year's time. She would also give further thought to the need to have a Junior Minister in each Department who was given special responsibility for supervising the task of improving the management of the Department. More immediately, she would be making a statement in the House on the management and size of the Civil Service the following week and she would welcome your urgent comments on the draft which the CSD had prepared.

hw

2 May 1980