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Sir Douglas Wass KCB
Permanent Secretary

Sir Derek Rayner
Cabinet Office
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PL
21/7

21 July 1980

Dear Derek,

INSPECTOR-GENERAL OF THE CIVIL SERVICE

I have read with interest your note which Clive Priestley circulated under cover of his minute to Jeremy Colman of 14 July. I have also seen Ian Bancroft's letter commenting on your note. I thought you might find it helpful to have in writing my own reactions to your suggestions in advance of the meeting we are to have on Wednesday.

I begin by declaring my whole-hearted endorsement for your proposition that at the centre of any modern organisation there must be a capability to design and monitor systems of financial, manpower etc control and management. However much the constituent parts of an organisation are required to operate the system, there must be some central authority for the dissemination of best practice, for the maintenance of standards and so on. Where I have difficulty with your approach is over the proposition that the organisation arrangements intended to strengthen the centre's functions in regard to systems should include an Inspector General.

You pin a good deal of your case on the argument in paragraph 4, viz that the Government and the Civil Service need an outside critic brought in at fairly regular intervals. But you do not say why this is so. Of course we need - as does any organisation - constructive self-criticism. I believe in this, almost passionately. But the IG idea is based not on self-criticism but on external criticism. Now it seems to me to be of the essence of any system which relies on external criticism that it will to some extent undermine self-criticism. I know of no other organisation which has an inbuilt system of external criticism comparable to that which you are proposing; and I wonder how you feel that an IG would function in Marks and Spencer. My own suspicion is that he would subtract from, rather than add to, the motivation and

purposefulness of those parts of the organisation which are currently charged with his responsibilities. What would the effect be on the Finance Director if there were an IG reporting separately to the Board?

When I turn to the IG's functions as listed in paragraph 7, I find all these, except possibly (f), to be functions which ought to be exercised by either the CSD or the Treasury. We all want these two departments to perform effectively and coherently. But if you create a post or a body which claims some of those depts' functions you will in my view almost certainly diminish both the morale of those departments and their effectiveness.

More particularly I have the most serious reservations whether an IG with the size of staff you have in mind has the resources to carry out the functions you would assign to him. To make comprehensive judgments of the kind you outline in paragraph 10 would require far more than a handful of staff. These are the terms of reference of a whole department, not of a group of a dozen or so people.

The one area of activity which we cannot claim the CSD/Treasury attempt to cover is that of being a recognised receptacle of complaints and criticisms. Of course we get many such messages, but people are not actively encouraged to write to us about them. What you seem to envisage in this field is a sort of administrative Ombudsman for the Civil Service. Again I have misgivings. I am very much in favour of a constructive suggestions scheme and I believe we could do more to promote this idea at every level. But the idea embedded in your paper carries too much the flavour of encouraging "informers" within the Civil Service. Do we really want to see managers looking over their shoulders at their subordinates, wondering whether their activities and their shortcomings are to be reported to the IG? Nothing would be more calculated to destroy management morale than that and I cannot believe that you would want to be a party to such an end.

To sum up I agree totally with you ^{on ends.} But unless the IG were formally a part of the Treasury/CSD and under the jurisdiction of the Treasury/CSD Ministers and Permanent Secretary it would in my view have the seeds of inefficiency not efficiency.

I am sending copies of this letter to Ian Bancroft, Robert Armstrong and Clive Whitmore.

Yours etc.
Douglas Wass
DOUGLAS WASS



12 JUL 1980