



10 DOWNING STREET

From the Private Secretary

4 December, 1980

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Your Secretary of State and

The Prime Minister spoke today to the Secretary of State for Industry about their recent minutes on the PSA Advisory Group.

Your Secretary of State confirmed that Sir Derek Rayner would shortly be making proposals about future accounting arrangements. These would not go so far as had originally been envisaged. Your Secretary of State was convinced that the best way of getting to grips on the costs of servicing now provided by PSA would be to ensure strong management from the centre. He was already providing this, and now sought confirmation that he could bring in the best available professional advice, as he had agreed in principle with the Prime Minister earlier in the year.

The Secretary of State for Industry recognised the likelihood of there being great variations in the type of management applied by Departments if these functions were fully devolved. He argued that it was most important for Ministers to get an effective grip on the cost of this work without staff expansion, and suggested that decisions might be left until Sir Derek Rayner had submitted his proposals.

The Prime Minister said that she did not wish to see a new quango, nor did she wish to see long term appointments offered in this field. On the understanding that appointments to an advisory group would be for no fixed term, she was prepared to agree that your Secretary of State should go ahead with reconstituting the group. She would not expect any appointments to continue beyond one year without further reference to her.

I am sending copies of this letter to Ian Ellison (Department of Industry), David Omand (Ministry of Defence), Jim Buckley (Lord President's Office), Peter Jenkins (HM Treasury), David Allen (Sir Derek Rayner's Office) and David Wright (Cabinet Office).

M. A. PATTISON

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