

For Tim only - I really  
am very concerned about  
10-20 Feb. I really  
am writing by the  
have discussed what  
is wrong with the  
just how much needs  
to be done - not  
sub.



10 DOWNING STREET

THE PRIME MINISTER

18 Jan 1987.

I have been through the Observations in detail. A large part of the paper is excellent - but (so sorry, - there is always a but!) I have a number of reservations.

1. Para 20 - Programme Limitation.

This won't do. It is so waffly that it throws doubt on capacity to evaluate anything. Moreover it is at variance with the much better view expressed at the beginning of para 30 and 31.

2. I am very unhappy about the whole section starting at para 32 and headed 'The Policy Objectives of the CSB'. At a time when we have just received the figures showing that ad min costs have gone up by over 25% it is really not possible to place "Restrictions on expenditure" indeed what those figures show is lack

of effective control, management, & training  
~~and resolve, to~~ and some of those  
things are right at the heart of CSJ.

I don't know what that section is  
trying to say but what it does reveal  
is lack of clarity, urgency, and grasp  
of the problems that CSJ has to solve.

It just has to be reconsidered. The  
rest of the document is way ahead of  
that section.

MT.

Prime Minister

I think that the conclusions set out in the draft White Paper are, for the most part, sound, but the language in which they are expressed is partly hyperbolic (even though Lord Soames asked earlier that it should be more "sober" - this is what xl below refers to).

We shall need the comments of the other recipients of the draft. I propose to ask for them by Wednesday 21 January if you agree. Therefore you may want a meeting.

MR C A WHITMORE

In your minute of 17 December recording the Prime Minister's meeting with Mr du Cann you commissioned a White Paper in reply to the Select Committee's recent Report "The Future of the Civil Service Department". When I saw the Prime Minister on 7 January about other matters she asked for an early sight of the draft. I promised to submit it this week. Here it is.

The White Paper deals briefly with the main machinery of government issue, and sets out fuller observations on each of the Committee's subsidiary recommendations and comments. I have consulted Sir Douglas Wass in drawing up the present draft which in essence concerns the two central departments. A minor point about the mechanics of co-location (paragraph 24) affects the FCO and has been agreed by Sir Michael Palliser. The draft seeks to reflect the Lord President's general comment on an earlier version, and I am sending a copy of this draft to him simultaneously with this submission. He is of course in no way committed to it.

Main Points

The points to which I should particularly like to draw the Prime Minister's attention are:-

✓ paragraphs 12-15 In taking evidence the Select Committee have shown a good deal of interest in the relations between the Central Departments and departments at large, without coming to any focussed conclusion. The issues do not yet seem to have coalesced for them. The paragraphs in question may help to do this: they reflect the work on the role of the centre which Sir Derek Rayner, Sir Douglas Wass and I have put in hand under the guidance of the Chancellor of the Exchequer.

✓ paragraphs 23-25 (co-location) paragraphs 26-29 (common services) The Committee's positive recommendations for improving contact between the Treasury and the CSD were drawn from the Report of the Study Team which the Prime Minister commissioned to look at integration. Those proposals assumed merger at Ministerial and operational levels: they are not readily applicable when there is no merger. Sir Douglas Wass and I have considered this carefully. Our view is that contact between the Departments should indeed be adjusted to reflect the fact that while remaining separate for good reasons, each has much to contribute to the work of the other, particularly in the field of financial management. These paragraphs set out the measures that we think should be taken (especially on the management of our joint specialists), while stopping short of immediately incurring the disruption which would arise from undertaking co-location and amalgamation of common services in present circumstances. We should like to see how these arrangements work out in practice, and take that experience into account in a future review of co-location.

paragraphs 30-31 The acceptance of the Committee's proposal to transfer CSD's Accountancy, Finance and Audit Division to the Treasury makes good sense in the context of closer working between, and clarification of the responsibilities of, the two Departments.

paragraphs 32-44 The section on the policy objectives of the CSD develops in practical terms what the earlier part of the White Paper has to say about the Government's priorities. In particular it concludes that current training policy and the balance of resources in the CSD should not be disturbed.

#### Handling and Timescale

Subject to the Prime Minister's approval of the draft, we should aim to publish the White Paper before the end of January. The interest of departments other than the CSD and Treasury in the content of the White Paper is not extensive, and she may consider it sufficient to circulate the draft to the Cabinet for information, rather than for substantive comment. If she felt that the Cabinet should be given the opportunity to comment on the draft, the timetable would need to be extended.

I suggest that the normal procedures for publication should be adopted, with Confidential Final Revises (CFRs) being issued to the Select Committee and to selected Press correspondents 24 hours before publication. The Prime Minister may wish to consider whether she would see Mr du Cann again at that stage.

I am sending copies of this minute and the draft White Paper to the Chancellor of the Exchequer, the Lord President, the Minister of State (CSD), Sir Robert Armstrong, Sir Douglas Wass and Sir Derek Rayner.

*NRB*

IAN BANCROFT  
16 January 1981

DRAFT

**CONFIDENTIAL**

**THE FUTURE OF THE CIVIL SERVICE DEPARTMENT**

**Government Observations on the First Report from the Treasury and Civil Service Committee,  
Session 1980-81, HC54**

**Presented to Parliament  
by the Prime Minister and Minister for the Civil Service  
by Command of Her Majesty  
January 1981**

Cmnd

**CONFIDENTIAL**