

File

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10 DOWNING STREET

18th March, 1981

1. M. Pattison ~~MAD~~
2. Prime Minister ~~HAS SEEN.~~

The P.S.A. Attribution or Recharging

At yesterday's meeting Michael Heseltine advanced the view that the P.S.A. property portfolio was exceedingly vast. (And probably quite unmanageable?). He moved on to argue that it would be very dangerous to devolve the management to the individual ministries, who would build themselves palaces. (We don't seem to have done a bad job of building palaces under the present arrangements). He argued further that, having then established that central control and ownership of property are necessary, the difference between attribution and recharging was, therefore, marginal.

I attempted to suggest that central ownership was not necessary, and control and management might be better left, with a residual checking function at the centre, to the departments. Robert Armstrong suggested this was a different subject, which is true, but Michael was founding his argument for attribution on the (definitely not proven) basis that central ownership, management and control were all desirable.

I would seriously question this assumption. It seems to me to represent the Associated Electrical Industries style of head office management, as opposed to the G.E.C. style of decentralised responsibility with a very small monitoring force at the centre. We know which of the two works better given the right structure of carrots and sticks.

The reason for returning to this topic is that when changes are made in the top management of P.S.A. I could suggest a candidate who would be committed to the decentralisation G.E.C. approach. It seems likely that Michael will put forward a candidate who believes that all Government property management and ownership should be done by the P.S.A. at centre. I would hope that you would consider which approach is the right one before making any decision as to who should do the job.

D.W.