

Ref. A05739

PRIME MINISTER

Reorganisation of the Central Departments

You have plenty to read on this subject, and I will, therefore, be brief.

2. I believe - and Douglas Wass agrees - that Ian Bancroft will not try to "go public". He has accepted the decision, and agreed the proposals for putting it into effect: we do not believe he will seek to lobby against it.

3. By the same token I believe that it would now be pretty difficult to reverse engines. In terms of the psychology of the individuals concerned, I doubt whether we could go back to where we were, as if nothing had happened.

4. Both Derek Rayner and I have said that our preferred course would be to transfer the CSD entire into the Treasury. I have come to believe that what is now proposed is a good deal better than a "pis aller". In Melbourne I had two long talks with my Canadian counterpart, and was struck by the fact that the organisation which we are proposing to have is very like the organisation which the Canadians have, and which has clearly proved its value in terms of effectiveness at the centre. The creation of the CSD divorced the management of manpower and personnel both from the management of resources and from the management and co-ordination of policy-making. What we are now proposing to do would sensibly brigade the management of manpower and pay with the management of resources and the management of people and organisation with management of policy-making.

5. I understand that Sir Ian Bancroft is submitting a draft statement today. That has not been discussed with the rest of us, (Derek Rayner, Douglas Wass and me), and we may well want to suggest changes.

6. On the date of announcement, we had envisaged 27 October because we thought that you might not be able to make a statement on 29 October because of prorogation or because of your visit to Bonn. The visit to Bonn is now postponed. If the arrangements for prorogation allow you to make a statement on 29 October, that would be a very convenient day: it would enable you to tell the

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Cabinet in the morning, and Ian Bancroft to tell fellow Permanent Secretaries at his regular weekly meeting with them on 28 October, and would also give time for the other preliminary things that need to be done (including telling the unions).

7. Finally, I wonder whether the time has come when it might be useful for you to take the Home Secretary into your confidence about what you have in mind. It would certainly be useful to make sure that he is "on side" before you tell the Cabinet as a whole.



ROBERT ARMSTRONG

16 October 1981