

Note.

This minute was preempted by a conversation this evening between the Prime Minister and the Chancellor of the Duchy. I do not intend therefore to bring the Prime Minister with it.

fdh
Kxi.

Ref. A05933

MR. WHITMORE

Future of the Central Departments

I have seen Lady Young's minute of 10th November about the effects of Thursday's announcement on morale in the Civil Service; and I have also seen Mr. Priestley's minute of 10th November.

2. While I agree that the morale issue is being overplayed, I think we had better not over-react to that. Morale has been dented by the events of the summer; there is some feeling that the Civil Service does not get ~~the~~ appreciation and support from some Ministers (including Treasury Ministers); and there will be some apprehension about the fact that control of manpower and pay is now to be put in the hands of the Treasury. But I agree with Mr. Priestley that that will not be seen by the Service at large as "the end of civilisation as we know it". The unions, though they will protest, may see some merit in being able to deal face to face with the real enemy (in their terms, the Treasury).

3. I do not think that the Prime Minister need discourage the Chancellor of the Duchy from discussing with her Ministerial colleagues what they can do in their own Departments to restore morale, in so far as it has been dented. It is not just a matter of pay, though of course that comes into it; it is a matter of giving people a sense of pride in what they do. I have heard the Prime Minister say that she believes in having an efficient (and therefore smaller) Civil Service fairly remunerated; and if she could give expression to that feeling, in something like the words suggested at the end of Mr. Priestley's minute, in the course of supplementary answers on Thursday, I have no doubt that that would do good.

4. I suggest that the Prime Minister should not reply to Lady Young's minute, but allow her to say her piece in Cabinet on Thursday. The Prime Minister might then say that, though she expects that the announcement will not be



universally welcomed, she thinks that its effects ought not to be exaggerated; that she understands that the Chancellor of the Duchy intends to talk to colleagues, and hopes that she will be able to form a coherent picture both of the present state of morale in the Civil Service and of what might be done about it; and that, as an immediate contribution, she will hope to be given an opportunity to say in the supplementary answer on Thursday afternoon the sort of things suggested by Mr. Priestley, and to repeat that in a message which she will be sending to members of the new Management and Personnel Office.

REA

ROBERT ARMSTRONG

11th November, 1981



The National Archives

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Chancellor of the Duchy of Lancaster

Prime Minister.

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*We discussed this with the
Chancellor of the Duchy of Lancaster
today.*

*Shall we try to get Lady
Young in tomorrow to talk
about it? You wanted to see
her anyway. *HW 10x1**

PRIME MINISTER

FUTURE OF THE CENTRAL DEPARTMENTS

I am writing to suggest how we might handle the effect of Thursday's announcement on the Civil Service itself, and on its morale - which will continue to be the responsibility of the Management and Personnel Office. I have mentioned to one or two colleagues, who have been as surprised as I was - a meeting I had with the Government Actuary when I first took over CSD. He told me that some of his young professional staff avoided acknowledging that they were civil servants, if at all possible, at social gatherings. I thought this might be something particular to GAD in the light of the criticism which they had received, albeit now largely removed because of the publication of the Scott Report. But I was dismayed to discover that this was quite prevalent amongst younger civil servants. If one thing has been borne in on me more than any other since 14 September it is that morale in the Civil Service is at a very low ebb.

I wonder if we can take the opportunity of this announcement to start reversing the process? I myself intend to visit colleagues to discuss with them what they can do in their own departments to rekindle the spirit of the Service. I believe it would be a helpful first step if you would say something, perhaps in response to a supplementary, when you announce the re-organisation on Thursday. If you were to make it clear that you believed in the Civil Service and that it had an important role to play in the country (and that is why the Civil Service itself is striving to make itself leaner and more efficient), this would be an excellent foundation. We shall face more difficulties in the future about morale without doubt, and Geoffrey Howe and I will need to work closely together since in many ways he will have control of those things which are most important for the morale of the Service. But it would be useful to start the thing off with a positive push which I could follow up with colleagues.

When you tell colleagues of the changes on Thursday there would, I believe, be advantage in forewarning them that there may be some adverse reaction from staff and union representatives. It would help to take the steam out of things if colleagues were ready with something to say, especially if they could hang it on your statement.

If you agree perhaps I can expand on this a little in Cabinet on Thursday so that colleagues know what I have in mind.

I am copying this to Geoffrey Howe, Derek Rayner, Sir Ian Bancroft, Sir Douglas Wass and Sir Robert Armstrong.

Paul Young

BARONESS YOUNG

10 November 1981

Mr. [unclear]

*Before I answer the Prime Minister
I should be prepared for your news.*

Ref. A05931

MR. WHITMORE

11x

Future of the Central Departments

I understand that Sir Ian Bancroft and Sir John Herbecq are likely to agree to see journalists, if journalists ask to see them, after Thursday's announcement.

2. I have discussed this with Sir Douglas Wass. Neither of us thinks that we should give any interviews on the record. We think, however, that it would be advisable that we should be able to agree to see journalists on an off-the-record, non-attributable and background basis, if we are asked to do so. I do not think that there are likely to be many such requests, but I suppose that the "Whitehall correspondents" like Peter Hennessy might seek to come and talk on that basis. If we were able to do so, that would enable us to make sure that the case for the changes now proposed was properly in their minds.

3. As you know, I have made it a rule not to give interviews since I became Secretary of the Cabinet, and I do not propose to depart from that rule. But I think that there is advantage in agreeing to see people unattributably on this occasion.

4. I should be grateful if you would let me know whether the Prime Minister is content.

RA

ROBERT ARMSTRONG

10th November, 1981



Prime Minister.

13

Content with the draft message
as a whole and in particular
the message from you?

John
10/11

Ref. A05930

PRIME MINISTER

Future of the Central Departments

We think that, while the CSD staff who go to the Treasury will feel reasonably sure about their future, those who go to the new Management and Personnel Office will feel rather less sure about their future.

2. Mr. Cassels and I propose to go and meet as many of those concerned as we can early next week; but we think that it will be advantageous that they should receive a personal message from us.

3. I think that, having regard to the points made in Lady Young's minute of 10th November, it might be helpful if this message from us could incorporate a personal message from you.

4. I enclose a copy of a draft message from Mr. Cassels and me, which (as you will see) starts off with a message from you. Would you be content for us to send this out to the staff concerned very early next week?

REA

ROBERT ARMSTRONG

10th November, 1981



SECRET

DRAFT OF 10 NOVEMBER 1981

TO STAFF OF THE MANAGEMENT AND PERSONNEL
OFFICE

MESSAGE FROM SIR ROBERT ARMSTRONG AND
MR. CASSELS

The Prime Minister has asked us to convey the attached message to the staff of the Management and Personnel Office:

"I have established a Management and Personnel Office reporting to me because, as head of the Government, the Prime Minister is directly concerned with the quality of Civil Service work and management, notably with organisation, efficiency, personnel management and senior appointments, and with the quality and well-being of civil servants.

Of course we need to have effective and sensible systems in Government. But in the end it is people who make the services provided to and by Government work well. I should like all our services to be excellently run and all civil servants to have the confidence that comes from a job worth doing and well done, and to be proud that they work for the public. I look to the new Office to have as its aims improving methods of work and efficiency in the Civil Service and encouraging and helping people to give of their best. I know how much many of you have already contributed to this and I am

-1-

SECRET

SECRET

grateful for the devotion shown by staff of the Civil Service Department. I hope and believe that, with like devotion, we shall be able to carry these aims still further in the new Office".

*Agreed
mb*

We recognise that the decision to abolish the CSD and divide its functions between the new Office and the Treasury is bound to cause some anxiety to people who have worked long and hard for the CSD. We do not intend to undo or call in question what has been achieved. On the contrary, we hope to take the utmost advantage of the setting up of MPO to carry forward the work on management efficiency and on personnel management which has been done in the CSD.

We look forward to leading a Department whose professionalism, knowledge, experience and approach to its job qualify it to speak and act with authority on matters of management and personnel in the Civil Service.

We shall need to work very closely indeed with other Departments, and particularly with the Treasury. Sir Douglas Wass and Sir Anthony Rawlinson have made it clear to us that they are as anxious as us to establish effective working relationships from the outset. This will apply to arrangements for the career development of staff as well as to the discharge of the functions of the central Departments.

SECRET



SECRET

We shall be seeing the senior staff of the Office on Monday and will be visiting all parts of the Department shortly afterwards. We look forward to meeting and working with you.

ROBERT ARMSTRONG
JOHN CASSELS

13 November 1981

CONQUEROR

SECRET

11A B

Mr WRIGHT

JW

cc Mr Whitmore

Sir R Armstrong

FUTURE OF THE CENTRAL DEPARTMENTS

Mr. Proctor has copied this draft reply to the CDL's letter direct to Mr. Whitmore. Do you have comments?

We had a brief word about the CDL's minute to the Prime Minister of this morning. I feel very strongly that the morale issue is being overplayed, even if morale would be better than it is in some places. I attach a possible draft reply to Mr Buckley which, given the time factor, I am copying to Mr Whitmore with this minute. *JW.*

2. The change in the machinery of government will not be well received by the Council of Civil Service Unions, but it is in my view highly unlikely that it will be seen by the Service at large as the end of civilisation as we know it.

3. I also think that it would be quite wrong for the CDL, as almost her first act in her MPO role, to go round departments "to rekindle the spirit of the Service". This is not only a misreading of the situation, it is also strikingly like the language which was used in the early 70s at the time of the "Wider Issues Review". The main results of that were to unload on an astonished but delighted National Staff Side more benefits than they could ever have hoped for and to cause disaffection among managers right across the Service.

4. Moreover, it is, I think, a mistake for the CDL to commit herself to a mournful round of her colleagues on the advice of the official regime which ends this week, given that the new regime (Sir R Armstrong and Mr Cassels) have had no hand in this scheme but would have to arrange it and help the CDL live with the consequences.

5. Finally, I note that the CDL does not suggest how the morale issue should be dealt with if it comes up after her statement. I suggest that the PM might do so in the words of the draft message to MPO staff as follows:

COVERING PERSONAL AND SECRET

"I agree that the morale of our staff is important. It is people, not systems, who make services work well. I should like all our services to be excellently run. I should like all our staff to have the confidence that comes from a job worth doing and well done and to be proud that they work for the public. I expect the new Office not just to help improve methods of work and efficiency, but also to encourage and help people to give of their best."

A handwritten signature in dark ink, appearing to be 'C Priestley', with a long horizontal stroke extending to the right.

C PRIESTLEY
10 November 1981

Enc: Draft letter

DRAFT OF 10 NOVEMBER 1981

PERSONAL AND SECRET

J Buckley Esq
Civil Service Department

FUTURE OF THE CENTRAL DEPARTMENTS

The Prime Minister has seen the Chancellor of the Duchy's minute of 10 November.

2. The Prime Minister thinks that the draft of the statement she is to make on Thursday deals with the question of morale adequately. The message ^{she} has it in mind to send to the staff of the Management and Personnel Office also addresses this issue, but the Prime Minister will have it in mind to deal with it during questions after her statement if an opportunity presents itself.

3. The Prime Minister has asked me to say that before the Chancellor of the Duchy of Lancaster undertakes a series of visits to Ministers to discuss what can be done "to rekindle the spirit of the Civil Service" she would like to know why it is thought that morale is at a low ebb. She herself is not sure that this is so.

4. The PM does not think that it would be right to assume that the reaction among departments and staff at large to the intended change in the organisation of the centre will be so seriously adverse or so likely to be lasting as to

PERSONAL AND SECRET

require Ministers to be forewarned of it in too sombre terms.

5. I am copying this to John Kerr (HM Treasury),
Jeremy Colman (CSD), Craig Pickering (HM Treasury),
David Wright (Cabinet Office) and Clive Priestley (Sir Derek
Rayner's Office).

C A WHITMORE



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