

PRIME MINISTER

THE EFFICIENCY OF CENTRAL GOVERNMENT

This is the note I promised to send you in my minute of 5 November. I should like to discuss it with you when we meet on 1 December, if I may.

Personal points

2. I should like to comment on some of the staff who have been associated with my work - Messrs Cassels, Priestley and Allen. If I may say so, I am very glad that you told Cabinet on 12 November that Mr Cassels would continue to have the right of direct access to you and, subject to what is said below, I look forward to working with him.

Continuation of my assignment

3. Now you have re-organised the central departments, you will have your own views on how best to obtain advice. If you wish, I shall be glad to go on advising you direct and your Ministers. Even so, it might be sensible for us to set a term on my assignment, perhaps mid-1983, although the exact time of my going could be settled later.

Efficiency work in 1982

4. Ministers and the Civil Service have made good progress towards increasing the efficiency of central Government. But there is still a long way to go and it is essential to keep up the momentum. This is especially true of the lasting reforms intended to get at the underlying causes of poor management, including notably financial management. I should particularly like to lend my support to MPO and Treasury Ministers and their senior officials in this area.

5. I propose therefore that I should:

- (1) Help the MPO and the Treasury bring to fruition work on lasting reforms. (Here, as indicated

in your Minute to Ministers of 24 July, I think that it would be reasonable for you to look to Mr Cassels to make a substantial contribution.)

- (2) Provide overall leadership for the scrutiny programme in 1982.
- (3) Be associated with the Government-wide reviews in 1982 (ie of the management of self-contained executive units, the control of running costs and personnel work).

6. My intention would be to give as much as I could to the design, conduct and reporting of and follow-up to these exercises without getting caught up in the detail.

#### The MPO-Treasury working relationship

7. I am sure that the Ministers and senior officials concerned will want to make certain that this is well thought out. It will need to take sensible and robust forms and these can be developed as time goes on. I am hoping to meet the Chancellors of the Exchequer and the Duchy of Lancaster in January to offer some thoughts on this.

#### Staff support

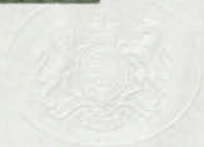
8. There is a bit of sorting out to do here. My small unit will consist on Mr Allen's departure at the end of this month of an Under Secretary, an Assistant Secretary (Mr Beesley) and a Principal (Mrs Thoms), with secretarial and clerical support. It is supervised by Mr Cassels, who has also inherited from the CSD another Under Secretary command (Functions and Programmes, FP), which was set up to shadow and support me, as well as carrying out work on its own

account (including cost-cutting exercises), which it has done very well. Mr Cassels also has part of another ex-CSD command (Management and Organisation, M&O), which does some work in the "efficiency/management" area. It will I am sure make good sense to integrate these two commands with my unit and to reduce the number of senior posts involved in this work.

9. It will take a few weeks to work out how the integration should best be organised, but my own expectation would be that my chief of staff, Mr Priestley, would then continue with "efficiency/management" work in the MPO. My view is very firmly that my unit should remain in being in the meantime, staffed and sited as it is now. Under Mr Cassels's supervision on my behalf, it should complete the work in hand for this year and get that part of next year's strategy for which it is taking the lead on the road (ie the departmental scrutiny programme and the Government-wide reviews of running costs). Temporarily, it will work in parallel with FP, which is at present taking the lead in setting up the Government-wide reviews of executive units and of personnel work, in both of which my unit is participating.

10. I shall continue to need staff support after integration and should be grateful if you would authorise this. It would suit me best if I might continue to look to Mr Priestley and those of my present staff who remain after Mr Allen goes (Mr Beesley and Mrs Thoms) to work to and for me as the occasion requires. It might also be necessary for me to look for support to other MPO staff, but I do not foresee any difficulty about agreeing with Lady Young, Sir Robert Armstrong and Mr Cassels on this as the need arises.

11. Formally, the staff of the MPO will of course be "in line" to Mr Cassels, Sir Robert Armstrong, Lady Young and yourself. It might be thought that anyone who was also working for me would be placed in an invidious position in



the event of my disagreeing with MPO on policy or other matters. With some give and take however I would not expect that either MPO staff working for me or I myself would be in any serious difficulty.

12. I am copying this to Sir Robert Armstrong. I hope to have seen Lady Young at least briefly before seeing you.

Derek Rayner

29 November 1981

Mr WHITMORE

MS.  
MS.

cc Mr Buckley  
Mr Wright  
Miss Goodison

SIR DEREK RAYNER'S MEETING WITH THE PRIME MINISTER, 1 DECEMBER

1. Sir Derek Rayner has asked me to let you have the attached advance copy of a minute which he will be sending to the Prime Minister in preparation for their meeting on Tuesday evening.
2. Sir Derek does not return to London from Toronto until late tomorrow night but he wanted you to have the text for the weekend box. He has particularly asked me to let you know, in case there is any doubt, that the text is the result of two long phone calls from him to this office earlier this week.
3. Sir Derek himself will sign the text on Sunday and the top copy will be with you on Monday.

*Jean Sullivan*  
Jean Sullivan  
Personal Secretary to  
Sir Derek Rayner  
27 November 1981

Enc: Advance copy of Sir Derek Rayner's minute