



PERSONAL  
MANAGEMENT IN CONFIDENCE

Prime Minister  
Agree to see Sir Robert  
Amstrong to discuss this?  
John  
9.iii.82.

MR. WHITMORE

The Rayner Unit

Thank you for sending me a copy of your minute of 5th March on the subject which I put to the Prime Minister in my minute of 26th February.


2. I note that the Prime Minister has had a word with Sir Derek Rayner on the subject; I should like, if I may, to have a word with her myself about the MPO aspects of what is now envisaged.

3. The points I should like to discuss with her are as follows:

Who put it in?

- (i) The Rayner Unit, though housed in the Cabinet Office building, is on the MPO Vote and is thus already part of the MPO for technical and "pay and rations" purposes.
- (ii) If both the Rayner Unit and the management and efficiency divisions of the MPO were taken out of the MPO and organised in a separate unit, the MPO would virtually have only its personnel responsibilities left and would cease to be a Management and Personnel Office. That would make nonsense of the changes the Prime Minister made only four months ago. It could make it look as if the Prime Minister felt a less personal commitment to the other work of the MPO than to the efficiency work, and would set at naught all the efforts that have been made in the meantime to establish the morale and credibility of the MPO.
- (iii) On 9th December the Chancellor of the Duchy told the Treasury and Civil Service Select Committee that the MPO would be producing an "action document". The drafting of that is far advanced, and it has, with the Prime Minister's agreement, been discussed with a number of Permanent Secretaries and with the unions. If the efficiency content of that were to be taken out, as no longer being the responsibility of the MPO, there would be very



  
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little left worth saying. One of the major purposes of the document was supposed to be to establish and define the MPO's role in the improvement of efficiency.

- (iv) The forthcoming report of the Treasury and Civil Service Committee on Efficiency and Effectiveness has a section on the role of the central Departments. Relevant quotations include:-
- "We recommend in effect greater devolution of management in the Civil Service but strengthened central review of the effectiveness and efficiency with which management operates".
  - "It is necessary that the Management and Personnel Office and the Treasury should now develop together into accepted centres of informed thinking on efficiency and effectiveness and should exercise a forceful influence on the way Departments and the Civil Service as a whole are managed".
  - "The new division of responsibilities means that the Management and Personnel Office is responsible for Civil Service efficiency. However, by losing the function of manpower control, it may have been left with insufficient "clout" in its dealings with Departments generally. That would be a most unfortunate outcome. The Management and Personnel Office needs to be able to deal with the Treasury on equal terms and to be confident that its prescriptions and advice will be followed by Departments generally. For that to happen, it will be necessary for the Management and Personnel Office to be seen to be acting always with the full authority and support of the Prime Minister".
- (v) The arrangements suggested in your minute of 5th March, which would put the enlarged efficiency unit outside the Treasury and outside the MPO, would appear to have the consequence that neither of the joint heads of the Civil Service would have any formal responsibility for the promotion of efficiency. That would not be a ~~right~~ or easy position for them to be in, and not one which





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I should myself want to be in; and I do not believe that it would strengthen the clout of the enlarged efficiency unit in Whitehall.

- (vi) The arrangement would formally exclude the Chancellor of the Duchy from involvement in efficiency work. Apart from her personal feelings in the matter, she needs the support of the management and efficiency divisions of the MPO in much of what she is doing. To be without it would very much diminish her effectiveness, or the effectiveness of any Minister who might succeed her, in dealing with Ministers in charge of Departments on the matters that remained within her responsibility.

4. Unless the Rayner Unit and the management and efficiency divisions are to be taken out of the MPO and off the MPO Vote - which would raise technical questions of where and on what Vote they were to be - what we are talking about is essentially reporting lines within a Management and Personnel Office for which the Prime Minister is herself the Minister responsible. It is clear that the Prime Minister accepts most if not all of the objectives that lay behind my minute of 26th February, and in particular that we should now bring the Rayner Unit and the management and efficiency divisions of the MPO under one command and under one roof. The problem is to find a way of doing this which ensures that we do not blunt the cutting edge of the Rayner Unit and we retain the Prime Minister's direct and personal involvement in efficiency work. This depends in my view on establishing reporting lines which enable the Prime Minister to involve herself as directly and personally in all the efficiency work of the MPO (including the Rayner Unit) as she now involves herself in the work of the Rayner Unit.

5. I should like to suggest that this can be achieved by establishing the enlarged efficiency command within the MPO but laying it down that all submissions to Ministers from the enlarged efficiency command are to come to the Prime Minister. In terms of working arrangements such submissions might come to the Prime Minister either from the Chancellor of the Duchy, or from me, or from Mr. Cassels. It may sometimes be appropriate for submissions to come





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from the Chancellor of the Duchy (when other Ministers are involved) or from me (when I have been involved either within the MPO or in consultations with other Permanent Secretaries); but in practice it will often make sense for submissions to come direct from Mr. Cassels to the Prime Minister, with copies to the Chancellor of the Duchy and to me, and of course to Sir Derek Rayner, for information and opportunity to comment. Sir Derek Rayner will continue to advise the Prime Minister (and the Chancellor of the Duchy as appropriate), to keep in touch with me on the general programme, and to maintain regular and continuing contact with Mr. Cassels and Mr. Priestley on the direction of the Rayner Unit's activities.

6. I have discussed these matters again with Sir Derek Rayner, as envisaged in your minute of 5th March. He agrees that, given the various political complications to which I have referred in this minute, what is proposed in paragraph 5 is the most practicable way of giving effect to the Prime Minister's wishes.

7. I am sending a copy of this minute to Sir Derek Rayner.

Robert Armstrong

9th March 1982



SUBJECT

cc Master Set



gabMich

File AH

cc CO

10 DOWNING STREET

From the Principal Private Secretary

PERSONAL  
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SIR DEREK RAYNER

THE RAYNER UNIT

The Prime Minister had a word with you yesterday evening about the future of the Rayner Unit.

She said that she was reluctant to put the unit in the MPO alongside the management and efficiency divisions already there. Rather, she preferred to bring together the unit and the MPO divisions under Mr Priestley's immediate command but to keep the resultant organisation separate from the MPO and reporting directly to her. She envisaged that Mr Cassels's relationship with the new organisation would be the same as his existing relationship with the present Rayner Unit. Mr Cassels would, of course, also retain his existing responsibilities within the MPO. She agreed that in order to make it easier for Mr Cassels to involve himself in the work of the new efficiency unit, it should be housed wholly in the same building as Mr Cassels.

You said that you would discuss with Sir Robert Armstrong how best to give effect to the Prime Minister's wishes.

I am copying this minute only to Sir Robert Armstrong.

JRW

5 March 1982

AH





10 DOWNING STREET

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

The Rayner Unit

The Prime Minister has seen your minute A07655 of 26 February 1982 about the future of Sir Derek Rayner's unit and she has commented as follows:-

"I have had a preliminary discussion with Sir Derek Rayner, and he knows my grave doubts about this move. I do not believe the efficiency or integrity of the unit will be maintained if it moves into the MPO. It will be absorbed and its cutting edge blunted."

I will try to find out a little more about how the Prime Minister left matters with Sir Derek Rayner when she spoke to him, but subject to that, I think that the next step may be for you and him to see the Prime Minister together. Would you like a word about this?

KE. A. WHITMORE

28 February 1982