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Mr WHITMORE

THE RAYNER UNIT

You must be heartily sick of this but perhaps I may send you another pennyworth in the hope that it may be helpful. It represents only my views. And I am typing this myself, taking no copies.

2 Sir Derek Rayner did not see Sir Robert Armstrong's minute to you of 9 March in draft and his "agreement" (para 6) represents no more than a snatched and hasty exchange on Monday evening, lasting only 3 or 4 minutes, the two of them being unable to get together for any longer. Sir DR is disinclined to write any more on this, but you should take para 6 - suggesting that he agrees with the proposals in para 5 - with a pinch of salt.

3 Many of the points put forward in paras 3 and 4 of Sir RA's minute are fair. In particular, the position and feelings of the CDL would be wounded; the MPO would contract to a "Personnel Office" with little political content or interest *, although Sir RA himself would be left with his personal appanage qua Joint Head of the Civil Service (see below); and there is (or should be) a close working relationship between "management" and "personnel management", hence "MPO".

4 The result of separating out "M" would also be a sort of troika because:

- (1) The PM would have the Rayner unit plus the MPO's "management and efficiency" staff in MPO, about 80 staff in all / (£1.4m), under the general supervision of Mr Cassels.
- (2) The CDL would have personnel, training, recruitment etc, about 1050 staff in all (c£22m), with Sir RA and Mr Cassels as Permanent Secretaries.
- (3) Sir RA (as Jt Hd of the CS) would have the Public Appointments Unit; the Machinery of Government Division; the Conduct, Retirement and Security Division; and Ceremonial Branch, (all part of MPO but reporting to him direct on his personal responsibilities to the PM), about 60 staff in all. Logically but not necessarily, these staff could be included in a Prime Minister's unit too.

* Personnel mgt (inc senior appointments, via Sir RA); College & Training; Commission and Selection; Medical Adv Svce; Security Advr; Common service: / About 55 staff & assignment officers, rest
Common service: I am checking on the figures which are curious

5 I think that one needs to recognise that result, but the question was, "how best to give effect to the Prime Minister's wishes" to have an organisation separate from the MPO and reporting directly to her.

6 Here, as I understand it, we do not need to worry too much about the Vote question (paras 3(i) and 4 of Sir RA's minute). You and your staff are, I believe, on the MPO Vote, but that does not make you part of the MPO for any real purpose. A new unit would not have to be on another Vote than that of the MPO if I am right.

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7 Secondly, Sir RA is right to recall that the PM is the Minister in charge of the MPO. She can organise the department as she chooses. So she could indeed get what she wanted by the "M" part of it to report to her directly, notably on its intended programme of work; the planning of future "efficiency strategies"; and progress with/results of major pieces of work in hand. For example, she could commission Sir RA or Mr Cassels to undertake the next year's programme of work directly as a warrant from herself. But it would not be helpful for her to have more than one head of "M" to deal with (Sir RA's para 5); the head could be Sir RA, but might better be Mr Cassels because he would have more time.

8 Thirdly, if the PM wanted to establish a management unit or central management review staff - as part of her office but on the MPO's books for pay and rations - which reported directly to her, she could indeed do so by combining the Rayner unit and the "M" part of the MPO just as envisaged in your minute of 5 March. The objections raised by Sir RA as to the CDL's position and his own (paras 3(v) and (vi) of his minute) could be mitigated if not overcome by including in the PM's charge to the unit that it should provide such services to the CDL and the Joint Heads as they might need: indeed, this would overcome one of the oddities of the present arrangements, namely that the Joint Heads have not (so far as I can see) supplied themselves with a staff or access to a staff.

9 Finally, there is the question, why have a separate unit and (apparently) further split the centre? The answer is broadly twofold:

- (1) To supply the PM with a staff to enable her to develop and express her policy convictions with regard to good management (not forgetting that she is almost unique among Ministers in the importance she attaches to high quality management) and to do so through a programme of practical work/action.



(2) To provide for the effective co-ordination and achievement of initiatives being taken by different parts of the divided centre.

10 In case it is at all helpful, I attach a draft letter conveying a decision to proceed as the PM indicated last week. I also have some summary notes about the possible unit and the MPO which you might like to have.

11 At the risk of teaching granny etc, may I also say that I think the Chancellor of the Exchequer would need to be informed/squared as well as the CDL.

C Priestley
11 March 1982

ENC: Possible draft letter

DRAFT OF 11 MARCH 1982

THE EFFICIENCY OF CENTRAL GOVERNMENT

The Prime Minister has established in/as part of her own office a unit whose functions will be to support her in certain of her responsibilities with regard to the good management of central Government and in co-ordinating the relevant work of the central departments.

The unit will consist of those members of the Prime Minister's staff who have so far supported Sir Derek Rayner and of the Functions and Programmes Division of the Management and Personnel Office. It will be located in the Old Admiralty Building under the command of Mr . It will report directly to the Prime Minister but will be under the general supervision of Mr J S Cassels, Second Permanent Secretary, MPO.

The Prime Minister has directed the unit to proceed with the work its constituent parts had in hand and also to provide the Chancellor of the Duchy of Lancaster, to whom she will continue to look for assistance on management matters, and the Joint Heads of the Civil Service with the staff work they need in discharging their relevant responsibilities. The unit will also provide services for Sir Derek Rayner and Mr will act as his chief of staff.

I am copying this letter to the private secretaries of members of the Cabinet, the Paymaster General, the Joint Heads of the Civil Service, Sir Derek Rayner and Mr Cassels.

CAW