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15 July 1982

PRIME MINISTER

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THE PMO

We discussed at the end of May your intention to create a Prime Minister's department. I hope it may be useful to jot down a few suggestions, on the basis of my first impressions of Downing Street and conversations with Alfred, Bernard Donoughue, John Hoskyns and others with whom I have discussed the shortcomings of the present situation, though not, of course, your intentions.

The quick way out

The simplest answer to the present shortage of objective and thoughtful policy advice would be to make the CPRS directly responsible - and geographically nearer - to the Prime Minister. This would equip the Prime Minister with a personal policy research department which would fit in with the existing (perhaps somewhat enlarged) policy advice unit and the existing (highly efficient, it seems to me) private secretariat.

Such a scheme would minimise fuss and leave the Cabinet Office to continue its duties of organising the business of Cabinet and Cabinet Committees, and of chairing the official committees which service them. Yet my first impression is that this would not go nearly deep enough.

The Cabinet Office

It is the existence of the Cabinet Office at the heart of Government yet without a Ministerial head which strikes the outsider as peculiar. It is as though the hen-coop were to be organised by the only chicken without a head.

The historical origins are highly relevant, as Hugh Thomas points out. Lloyd George set up the Cabinet Office on the garden floor of Number Ten to provide a central driving force for the Government in time of war.

After Lloyd George's downfall, Hankey, the Cabinet Secretary, clung on and reinforced his own position, becoming immune to changes of Government and gradually establishing, by precedent broadening into precedent, the independence of the Cabinet Office from the Prime Minister.

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The result is that, however well-intentioned the Secretary to the Cabinet may be, it is his professional function to defend that independence and to see that the importance of the Cabinet Office is maintained. Personally he may be sincerely and whole-heartedly determined to serve his Prime Minister and, indeed, the rest of the Cabinet, but the system instructs him to defend the interests of the Cabinet Office. He can do no other.

At a trivial level, this division at the heart of Government leads to petty wrangles and mistrust. At a more profound level, it tends to paralyse both the flow of information upwards and the flow of decisions downwards.

In the end, if pressed hard enough, the machine will obediently churn out the information that the Prime Minister wants. In the end, a determined Prime Minister can see to it that a line of action is properly examined and implemented.

But no Prime Minister has the time to ask all the right questions at the right time, nor the resources in every case to test departmental advice against independent advice, nor the forewarning to investigate every promising line of action in sufficient time. The system of Government has simply failed to catch up with the range of tasks that are expected of a modern Prime Minister. In fact, because of the appearance on the scene of the Cabinet Office as an independent fiefdom, a modern Prime Minister is in many ways less well situated than Mr Gladstone or Lord Salisbury.

The political obstacle

The first and most obvious obstacle is the feeling that any change would alter the balance of primus/prima inter pares within the Cabinet. How are we to answer the accusation that a Prime Minister's department would increase the power of the Prime Minister vis-à-vis Ministerial colleagues?

It would be a help if the new arrangements were to:

- (1) Continue to maintain a Cabinet Office, much reduced in size, to organise the business of the Cabinet and its Committees, and combine the post of Cabinet Secretary with the post of Head of the Home Civil Service and the MPO. The Cabinet

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Office and its Secretary would still maintain control of the Central Statistical Office and the various other assorted agencies which have come to be associated with it. Only the "policy helpers" would be transferred to the new PMO.

- (2) Make it clear that the change involves a clear net reduction of, say, at least 10%, in the total number of officials employed within Number Ten and the Cabinet Office together.
- (3) Emphasise to Ministerial colleagues that the change is intended to make the Government as a whole more politically effective.
- (4) But at the same time, bring into the new PMO a mixture of non-party talents. The appointment of high-quality outsiders is always a generally popular move.
- (5) Stick to the existing title in Vacher's of "Prime Minister's Office", thus emphasising that the Prime Minister's Office is not intended to be a full-scale department on the scale of other Ministerial departments.

Should the PMO have Junior Ministers?

I think not, although Alfred disagrees. It is always hard to think of enough for junior Ministers to do. And in the case of the PMO, it is nearly impossible. In what circumstances could a junior Minister answer for the Prime Minister? In any case, we must avoid any chance of accusations that we are merely creating jobs for the boys.

There is, of course, a case - and precedents - for the Prime Minister appointing an extra PPS to share the gruelling load.

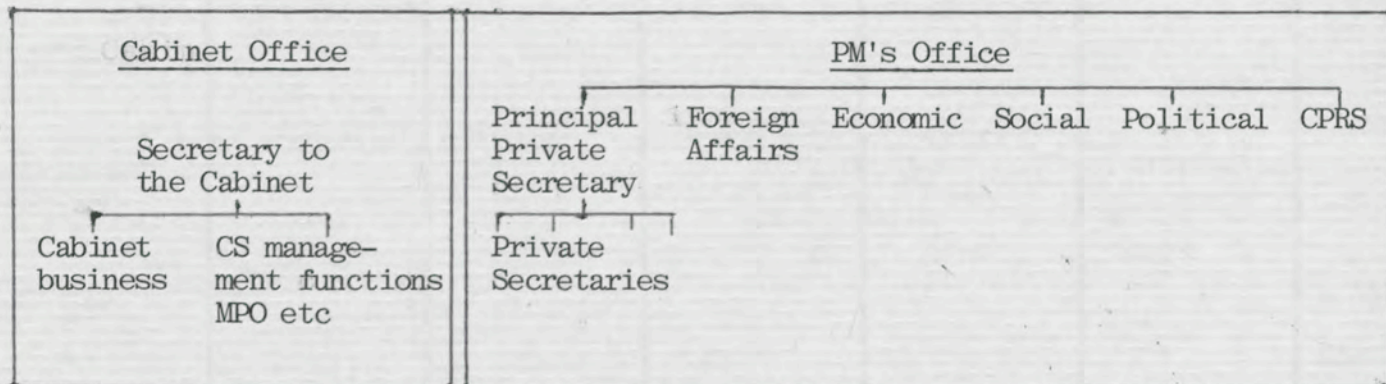
Should the PMO have a Civil Service hierarchy?

A Civil Service hierarchy headed by a Permanent Secretary would tend to become rigid and obsessed with rank and protocol. What a Prime Minister needs is quick access to sensible advice which is both fresh and independent. The PMO should therefore be as informal, and ~~flexible~~ flexible as is practicably possible.

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The Principal Private Secretary in the PMO would be generally responsible for the welfare of the department and its officials, but the heads of the various sections of the PMO - political, foreign, economic, social - could report directly to the Prime Minister. The reformed system might thus look something like this:



Thus we would hope to preserve within the PMO the flexibility and the lack of "rank-consciousness" which makes Number Ten - within the limits of its resources - an efficient and fast-moving place. Not having a Permanent Secretary with a pyramidal structure under him would also discourage the formation of a fixed "departmental view".

This scheme would leave the management of the Civil Service under the Cabinet Office, partly to demonstrate that the PMO is neither hostile nor hungry for power but also, much more important, to free the PM's Office from excessive concern with organisational matters. We should stress that the purpose is to strengthen the advice available to the Prime Minister, not to strengthen the Prime Minister's influence over other departments.

How would the Cabinet be briefed?

The main professional objection to reform is that the cluster of high-ranking civil servants within the Cabinet Office is necessary to brief and chair committees of officials to prepare for meetings of Cabinet and Cabinet Committees. To an outsider, this justification seems rather baffling.

Either the matter under discussion is interdepartmental but not especially contentious as between departments. In that case, the

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committee could surely be chaired by an official from the lead department.

Or the matter is contentious as between departments. In that case, surely the relevant head of unit in the PMO could chair the discussion. After all, at Ministerial level, it is the Prime Minister who is supposed to resolve disagreements between departments.

At present, the Cabinet Office is largely reliant upon individual departments for detailed information and advice. The function of "rendering down" such advice into a brief for official and Ministerial committees could often be discharged by the relevant official in the relevant department, thus skipping an unnecessary stage in the process.

FM

FERDINAND MOUNT

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ILLUSTRATION OF REDUCTION IN CIVIL SERVICE NUMBERS AS A RESULT OF REFORM

BEFORE (Assistant Secretary level and above, central "policy helpers" only)
Rank equivalents are listed; it is of course not implied that all, or even most, policy helpers would be career civil servants.

<u>Cabinet Office</u>	<u>CPRS</u>	<u>No.10</u>	
		<u>Private Office</u>	<u>Policy Unit</u>
1 Perm. Sec.	1 Head		
4 Dep. Secs.	1 Dep. Sec.		
6 Under Secs.	1 Chief Scientist	1 Dep. Sec.	1 Under Sec.
10 Asst. Secs.	1 Under Sec.	2 Under Secs.	2 Asst. Secs (say)
	12 Advisers	2 Asst. Secs.	
21	16	5	3

At present, there are 37 "policy helpers" in the Cabinet Office and CPRS, and only 8 (approximately) in Number Ten.

TOTAL: 45

AFTER

<u>Cabinet Office</u>	<u>Prime Minister's Office</u>		
	<u>CPRS</u>	<u>Private Secs.</u>	<u>Advisory Units</u>
1 Perm. Sec.			
1 Dep. Sec.	1 Head	1 Dep. Sec.	4 Dep/Under Secs.
2 Under Secs.	1 Dep/Under Sec.	2 Under Secs.	9 Asst. Secs.
5 Asst. Secs.	1 Chief Scientist	2 Asst. Secs.	
	8 Advisers		
9	11	5	13

Advisory Unit staffed thus:

<u>Foreign Affairs & Defence</u>	<u>Economics</u>	<u>Home & Social Policy</u>	<u>Political</u>
1 Dep/Under Sec.	1 Dep/Under Sec.	1 Dep/Under Sec.	1 Dep/Under Sec.
2 Asst. Secs.	4 Asst. Secs.	2 Asst. Secs.	1 Asst. Sec.

TOTAL "policy helpers" = 38 - a reduction of 15% after reform

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ANNEX (cont.)

There would, of course, also be consequent savings at lower levels in the hierarchy.

CPRS could legitimately be reduced in size because some of its work would be performed by the specialist advisory units.

Cabinet Office would still have ample staff to service the Cabinet adequately since departments and the PMO would be sharing the load of official committees.

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