



PERSONAL AND CONFIDENTIAL

PRIME MINISTER


ARRANGEMENTS FOR SECURING THE EFFICIENCY OF CENTRAL GOVERNMENT

I discussed this with you and Mr Whitmore on 6 July, when we left things on the footing that you would consider the possibility of personnel changes at the MPO.

2. I have thought about the matter more since we met. There is a further way out which you might like to consider also.

3. Earlier this year your instinct was that my unit and MPO's management and efficiency (ME) divisions should report to you, outside the organisation of the MPO. If this is still your view an alternative way forward would be this:

- (1) The unit and the ME divisions would report directly to you. The post heading up these staff should be up-graded to Deputy Secretary to give it the necessary standing; the Under Secretary post would lapse; and the staff would be reduced in numbers from its present 58. The precise numbers to be established by an immediate review of the tasks to be undertaken under such an arrangement.
- (2) That would leave the MPO with a Second Permanent Secretary (Mr Cassels), a Deputy Secretary (Mr A M Fraser) and eight Under Secretaries (Personnel Management; Civil Service Commission (2); College and Training; Machinery of Government; Financial Management Advisory Unit; and Medical and Security Advisers).
- (3) Of the Under Secretary posts at (2), Machinery of Government already reports directly to Sir Robert Armstrong as Joint Head of the Civil Service on much of its work. The Financial Management Advisory Unit, which is part of the apparatus for



the current financial management initiative which you launched in May, should report to the Deputy Secretary post which I envisage at (1).

- (4) It is arguable that, reduced in effect to a Personnel Office, the MPO does not justify both a Second Permanent and a Deputy Secretary post. The Deputy Secretary is First Civil Service Commissioner as well as in charge of personnel management, recruitment (Commission) and training (mainly College). This gives him a substantial personal load of interviewing. Even so, I doubt whether the amount of work at the upper levels of a reduced MPO would be enough to warrant both posts.
- (5) It is for consideration therefore whether the Second Permanent Secretary should become First Civil Service Commissioner, now or later on. If now, the Deputy Secretary (Mr Fraser) would return to his own department (Customs and Excise) rather earlier than I believe is planned. As I understand it, Mr Fraser is a likely successor to Sir Douglas Lovelock, who retires in September 1983. I also understand that there is on paper a Deputy Secretary vacancy in the Customs in October this year, when one of the two Deputy Secretaries there retires. But things could stand as they are until the planned date for Mr Fraser's return to the Customs.

4. There is obviously a difficulty here about the Lord Privy Seal, as well as the Second Permanent Secretary. The public rationale might be this:

- (1) You have shown in current Permanent Secretary appointments the importance you attach to the efficiency of central government. It is another logical expression of this that you should establish clearly a reporting line directly between a central management/efficiency staff and yourself.

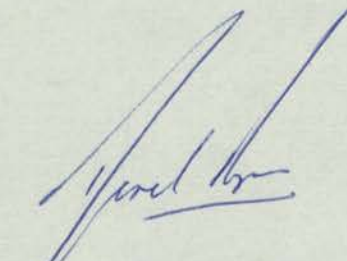


(2) Recruiting and training the civil service which will serve the nation for the rest of this century and into the 21st are of such importance that they require a substantial high level effort in their own right, eg recruiting more scientists and mathematicians to cope with the technological developments which government must master and making the training of general administrators much more professional than it is now.

NEXT STEPS

8. Given your forthcoming vacation, Mr Whitmore's impending departure and my business pressures, which have developed even further since we met, I have put Mr Priestley on notice to do some rapid staff work if that would be helpful, including drafts of the necessary minutes and notices.

CONQUEROR


Derek Rayner
27 July 1982