

PRIME MINISTER

Arrangements for securing the efficiency of Central Government

27/7/82
I attach a minute from Sir Derek Rayner proposing that his unit and the MPO's Management and Efficiency Divisions should be taken out of the MPO and, under the leadership of a Deputy Secretary (who is plainly intended to be Mr. Priestley), should report direct to you. This would leave the rump of the MPO which would continue to be headed by a Second Permanent Secretary but which would be able to give up a Deputy Secretary post.

I am rather surprised that Sir Derek Rayner has come up with this idea now. It is only some 4 months ago that he was urging the need to merge his unit with the Management and Efficiency Divisions inside the MPO. It is also inconsistent with what he said when he came to see you on 6 July when his primary concern was not to change the organisation but to find a different job for Mr. Cassels.

If we adopted the solution sketched out in Sir Derek Rayner's minute, the change would come at roughly the same time as you strengthen your office, on the lines discussed at your meeting this morning, to provide you with more and better advice on policy issues across the whole range of Government business and, in particular, in the area of foreign affairs, defence and intelligence. This latter change is bound to add to your load of meetings and paper (though that addition would be well worthwhile). I doubt the wisdom of increasing the additional load still further by making you directly responsible for the present Rayner unit and the Management and Efficiency Divisions of the MPO.

Another consequence of doing what Sir Derek Rayner suggests would be that what was left behind - which would be basically a Personnel Office and no more - would not be a viable command on its own. You would probably have to put it in the Treasury. That may not in itself be a bad thing, though whether the

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Chancellor of the Exchequer would welcome the additional responsibilities is another matter. More importantly, it would leave the Lord Privy Seal with little or nothing to do but her work as Leader of the House of Lords. I should be very surprised if she did not resist this strongly.

The truth is that the problem is a personnel one rather than a matter of organisation, and I believe that we should try to tackle it by finding a personnel solution rather than changing the organisation. This means, as you and Sir Derek Rayner agreed earlier in the month, moving Mr. Cassels as soon as a suitable job for him can be found. Another aspect of the personnel problem is Mr. Priestley himself. You have said that you do not want him to disappear from view in the MPO, and I do not believe that there is any danger of that happening. What we now need to do for him is to give him opportunities that will lead, in due course, to his promotion to Deputy Secretary.

If you are minded to pursue the ideas sketched out in Sir Derek Rayner's minute you will clearly need to have an early discussion with the Lord Privy Seal and Sir Robert Armstrong.

JWH.