



Prime Minister

22/4

These may be a first opportunity to have a go at this at the end of the meeting tomorrow morning?

Ref. A984/915
PRIME MINISTER

(I really think) should see Patrick Juhani Juhl - mh

Chief Executive, Property Services Agency

FEB 22.3.

This minute is written after discussion with a number of Permanent Secretaries, but before consultation with the Secretary of State for the Environment, since the decision about the succession to Mr Alfred will depend partly on whether there is any change in the arrangements for Ministerial responsibility for the Property Services Agency (PSA).

2. On the question of Ministerial responsibility, I think that there are three options:

- (1) to leave the PSA where it is, as part of the Department of the Environment, within the ultimate responsibility of the Secretary of State and in the day-to-day charge of a Minister of State;
- (2) to make it into a separate Department ("the Ministry of Works") with its own Minister either inside or outside the Cabinet;
- (3) to brigade it under Treasury Ministers as a central agency, alongside the Stationery Office and the Central Computer and Telecommunications Agency (CCTA).

3. The third option looks logical, but I believe is defeated by size and numbers: I do not see how Treasury Ministers (or the Permanent Secretary) could find the capacity for any effective supervision of an agency the size of the PSA.

4. The second option - a separate Department - would have something to commend it, if the PSA was continuing much as now. But there are two arguments against it:

- (1) if Ministers decide either to privatise large parts of the PSA, or to put defence lands and works across to the Ministry of Defence, what remains will not be substantial enough to warrant a separate Department;



- (2) in all but exceptional times, the PSA does not offer enough work at political level to occupy a full-time Minister.
5. I believe, therefore, that the right course is the first option: to leave the PSA where it is, as part of the Department of the Environment, at least until whatever decisions Ministers take about its future have been taken and implemented.
6. If that is accepted, then we have to find a successor for Mr Alfred as Chief Executive within the present framework.
7. At your meeting the other day the Secretary of State seemed to be minded to go for another outsider. I believe - and consultation with colleagues has reinforced this view - that that would be a mistake, for the following reasons:
- (1) In the circumstances it is important to make an early appointment. It could take months to find and bring in a suitable outsider.
 - (2) We are where we are partly because we have had an outsider who had no experience of the public service, and partly because he was (not to put too fine a point on it) not up to the job. A good enough outsider would certainly be very expensive, if we could find him.
 - (3) Part of the Public Accounts Committee's criticism of the management of the PSA has been in effect that, because it is part of the public service, it cannot be run like a private sector contractor.
 - (4) The morale of the PSA has become very low (though it has improved a little since Mr Alfred's departure). I believe that it would be strengthened by the appointment of an existing civil servant, if a suitable one can be found.
8. In present circumstances, with a crisis of morale, a need to follow up the criticisms of the Wardale Touche Ross report, and the probability of Ministerial decisions which will change the role, size and shape of the PSA, there would be much to be said



for bringing in someone who has an established position as a Permanent Secretary, with the standing, authority and experience that that implies. Given the criticisms of existing management, I doubt whether it would be politically practicable to appoint a successor from within the present PSA management.

9. Two existing Permanent Secretaries stand out as having combinations of qualities that would suit them for this post. If neither of them is possible, there are three Deputy Secretaries who could, I believe, do the job on promotion.

10. The Permanent Secretaries are:

Sir Anthony Rawlinson (58), Joint Permanent Secretary,
Department of Trade and Industry

Mr P J Harrop (58), Second Permanent Secretary, Department
of the Environment

11. The Deputy Secretaries are:

Mr John Caines (51), Department of Trade and Industry

Mr C W France (49), Ministry of Defence

Mr A G Manzie (53), Department of Trade and Industry

12. I attach curricula vitae for all these people.

13. Either of the Permanent Secretaries would have only two years to go to retirement. In the circumstances, however, I am not at all sure that that is a disadvantage. Whoever goes in is going to have two main tasks, both of which are difficult but finite, and both of which ought to be completed within two years. He is going to have to "clean up" the organisation and restore morale after the Wardale Touche Ross report; and he is going to have to plan and put into effect whatever changes in the role, size and shape of the organisation are made necessary by Ministerial decisions on the future of the PSA. There would be something to be said for putting in as Chief Executive someone with the capacity to perform these two tasks, but with only two years or

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so to go, but not to commit ourselves either to the individual or to the grading beyond that but to leave ourselves free to review the longer-term requirements for the job in two years' time.

14. The colleagues whom I have consulted concur in my view that, if Sir Anthony Rawlinson could be persuaded to take this on, he would be the best of the candidates I have identified. Though he has never had to manage an organisation anywhere near as big as the PSA, he has been an effective manager of those organisations of which he has been in charge. He has considerable personal authority and toughness. He is very intelligent. He is not highly creative (I am not sure how much that matters in this context), but he has proved his capacity to take on and carry out a task with clear objectives which he is assigned. His drive and energy are undiminished. The main difficulty would be that (as we know to our cost) it would be difficult to persuade the present Secretary of State to accept him.

15. If Sir Anthony Rawlinson were appointed, he would remain a full Permanent Secretary "blocking" a Second Permanent Secretary post. He should report direct to Ministers, not through Sir George Moseley. He would be (as Mr Alfred was) an Accounting Officer in his own right.

16. You will know that the Secretary of State for Trade and Industry is anxious to bring to an end as soon as possible the arrangement whereby he has two Permanent Secretaries, in order that he can get on with reorganising and reunifying his Department. As the "City" opening which I thought I had identified for Sir Anthony Rawlinson has lately faded somewhat, his move to the PSA would conveniently deal with that problem. But that would be an added bonus: apart from that, and even if he had to be replaced in the DTI, I should still think that he was the best choice for the Chief Executive of the PSA in present circumstances.

17. I do not suppose he would welcome the move, or be easily persuaded to make it. I think that you would have to see him

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yourself, and urge upon him the challenge of the job, his duty to take it, and the importance you yourself placed on his taking it on. It might be necessary to make it clear to him that he could not stay in his DTI job for the rest of his career, and that it would not be easy to find a comparable job for him anywhere else in the public service (the unspoken alternative being structural early retirement).

18. If it were not possible to proceed to the appointment of Sir Anthony Rawlinson, my colleagues and I would favour the appointment of Mr Peter Harrop. He has not the same degree of personal authority - some would say abrasiveness - as Sir Anthony Rawlinson; he is a quieter man, but he is intelligent, competent, effective and tough. He has proved his capacity in a variety of jobs in the Department of the Environment, the Treasury and the Cabinet Office. He has not worked in the PSA (and so is not tarred by current criticisms of its management), but is much respected in the Department of the Environment. He would have the advantage of enjoying the trust and good opinion of the Secretary of State for the Environment and (I understand) of Mr Gow and Sir George Young.

19. Of the Deputy Secretaries, I should prefer not at this stage to move Mr France, whom we should like in due course to move to the Department of Health and Social Security to be groomed as a successor to Sir Kenneth Stowe in 1987. Of the other two, my colleagues and I are inclined to prefer Mr Manzie to Mr Caines: Mr Caines is intellectually the abler man, but his manner and his abrasiveness - sometimes verging on arrogance - put people's backs up. Mr Manzie is capable and tough, and better with people; if he is less brilliant, he has good judgment and common sense. But in the circumstances I should prefer to go for Sir Anthony Rawlinson or Mr Harrop.

20. I should like to have an opportunity of discussing with you, in the light of this minute, both the Ministerial responsibility for the PSA and the choice of a successor to Mr Alfred as Chief

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Executive. In the light of that discussion I would have a further discussion with the Secretary of State for the Environment, and then report back to you.

REA

ROBERT ARMSTRONG

22 March 1984

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Mr Christopher France (Ministry of Defence)

Mr Christopher France, who is 49, was educated at East Ham Grammar School and New College Oxford. He joined the Treasury as an Assistant Principal in 1959. After holding various posts at Assistant Principal and Principal level he was promoted to Assistant Secretary in 1971 with responsibility for expenditure control and was Private Secretary to the Chancellor of the Exchequer from 1973-1976. He was subsequently promoted to Under Secretary in charge of the Public Enterprise Group and in 1977 became Principal Establishments Officer. After a year on loan to the Electricity Council he returned to the Civil Service in 1981 on promotion as Deputy Secretary in charge of Military Personnel and Logistics in the Ministry of Defence.

Mr Peter Harrop (Department of the Environment)

Mr Harrop, who is 58, was educated at King Edward VII School, Lancs, and Peterhouse, Cambridge. He joined the Ministry of Town and Country Planning (later Ministry of Housing and Local Government) as an Assistant Principal in 1949. After holding various posts at Assistant Principal and Principal level he was promoted to Assistant Secretary in 1963 dealing with local government. In 1971 he was promoted to Under Secretary and appointed Chairman of the Yorkshire and Humberside Economic Planning Board and Regional Director, Department of the Environment. From 1973 to 1976 he was seconded to the Treasury as Head of the Public Enterprise Division and on return to the Department of the Environment he took charge of the Inner Cities Directorate. He was subsequently promoted to Deputy Secretary in 1977 dealing with environmental pollution. After a spell on loan to the Home Affairs Secretariat of the Cabinet Office between 1979 and 1980 he returned to the Department of the Environment in 1980 and took up his present post as Second Permanent Secretary in 1981.

Sir Anthony Rawlinson (Department of Trade and Industry)

Sir Anthony Rawlinson KCB, who is 58, was educated at Eton and Christ Church, Oxford. He joined the Civil Service as an Assistant Principal in 1951 and was promoted to Principal in 1955 dealing with aspects of overseas finance. In 1958 he was seconded to the Atomic Energy Authority as Private Secretary to the Chairman, returning to the Treasury in 1960, where he was promoted Assistant Secretary in 1963. In 1968 he became Under Secretary in charge of General Finance and in 1972 on promotion to Deputy Secretary became Head of the Treasury Delegation, Washington. After a period on loan to the Department of Industry, first as a Deputy Secretary then as a Second Permanent Secretary, he returned to the Treasury as Second Permanent Secretary in charge of Public Expenditure. In April 1983 he was appointed Permanent Secretary, Department of Trade and subsequently joint Permanent Secretary of the new Department of Trade and Industry in June 1983.

Mr John Caines (Department of Trade and Industry)

Mr John Caines, who is 51, was educated at Westminster and Christ Church, Oxford and joined the then Ministry of Supply in 1957. As a Principal he held posts concerned with the electronics industry and with aviation overseas policy, including a spell as Civil Air Attache, Middle East. Mr Caines was promoted Assistant Secretary in 1968 and was Head of the Civil Aviation and Fuel Policy Divisions before becoming Private Secretary to the Secretary of State. He was promoted Under Secretary in 1974 and in 1977 became the Secretary of the National Enterprise Board on secondment, returning in 1980 on promotion to Deputy Secretary he became Chief Executive of the British Overseas Trade Board. After a short spell on loan to the Central Policy Review Staff in 1983 he returned to his present post concerned with Industrial and Commercial Policy.

Mr Gordon Manzie (Department of Trade and Industry)

Mr Gordon Manzie, who is 53, was educated at Edinburgh Royal High School and the London School of Economics. He first joined the Civil Service in 1947 as a Clerical Officer in the Scottish Home Department. After National Service in the Royal Air Force he held a number of posts in the Ministry of Supply, Ministry of Aviation and Department of Trade being promoted Principal in 1964 and Assistant Secretary in 1971. As an Assistant Secretary he was responsible for Telecommunications Finance and Policy until 1974 when he was promoted to Under Secretary responsible for the Regional Organisation of the Department of Industry. In 1978 he transferred to the Scottish Office where he was responsible for Industrial Development. On promotion to Deputy Secretary in 1980, Mr Manzie returned to the Department of Industry where he was responsible for Industrial Planning and Commercial Policy. He took up his present post concerned with Industrial Sponsorship in 1981.