



Prime Minister:

As you know Richard
Luce replied to
the Times editorial

PRIME MINISTER

ms

A leader entitled "Reversing Down Whitehall" appeared in the Times on Thursday 27th March. This referred to Ian Beesley's imminent departure from the Efficiency Unit and argued that reform of Whitehall has wavered.

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Parts of the leader are inaccurate and its tone of despair is certainly neither justified nor helpful. For a start, I have no doubt that the Efficiency Unit will continue to be very effective with Kate Jenkins leading it. Furthermore, the facts are that all departments can point since 1979 to cost reductions and many to simultaneous improved service to the customer. But the rate of improvement is still not enough.

I shall shortly be reporting to you again on progress with value for money targets. There is steadily increasing understanding and use of these by Permanent Secretaries. The targets currently being aimed for can bring very large improvements in performance, perhaps worth as much as £1,000 million. But the active commitment of Ministers remains uneven and still needs to be stimulated, both by public statements and by private encouragement. What you have said recently about the public rightly expecting improved customer service in health and education, within necessary public expenditure limits, seems to me to give the right emphasis.

The key to continuing improvement must be recognition by all your colleagues that it really is their responsibility to see that the public get steadily improving essential services year by year at acceptable cost. I hope that later this month when you have my report on value for money targets we can discuss how to continue to get this point home.

I am copying this to Sir Robert Armstrong.

ROBIN IBBS
1st April 1986



MINISTER OF STATE, PRIVY COUNCIL OFFICE

PRIME MINISTER

REPLY TO TIMES EDITORIAL 27 MARCH:

'REVERSING DOWN WHITEHALL'

My Minister feels he should reply to the above editorial (copy attached), which was critical of the Civil Service and the Government's Management of it. I attach a copy of Mr. Luce's proposed reply which we hope the Times will publish on Monday 31 March or Tuesday 1 April. Subject to your comments on the reply I have arranged with your office for it to be sent to the Times tomorrow, Sunday.

Paul Thomas

PAUL THOMAS
Private Secretary

Agreed MS

REVERSING DOWN WHITEHALL

In a fortnight the official head of the Efficiency Unit leaves the Civil Service. In one of his last reports he showed how many of the money-saving recommendations proposed by Mrs Thatcher's wastewatcher, Lord Rayner, had not been put into effect. Efficiency, MINIS, the Financial Management Initiative: in today's Whitehall they are regarded as yesterday's tunes.

For some time, perhaps since the 1983 election, the Government's commitment to reform of Whitehall has wavered. The Ponging episode was, in many ways, a distraction. The resignation of Mr Michael Heseltine, in his guise of super-manager, was a real loss. In his two departments, environment and defence, his enthusiasm for a new way of working had been infectious.

MINIS, the Management Information System for Ministers, stood for a principled reorganization of a department's work. It was never widely popular. Any enthusiasm that remained for MINIS was killed by the Westland affair. Westland glorified not the civil servant as manager but the official as fixer; power to the civil servant ablest to save a minister from embarrassment. Reform is now in reverse.

For all Mr Heseltine's revelations about the innards of Cabinet government, no serious discussion followed about the committee structure and the burdens of ministers. Now, with the next election in sight, who has time for the machinery of government? The minister for the civil service has become an invisible man. Mrs Thatcher, at one and the same time the only

source of reformist inspiration and the biggest single barrier to change, has other concerns.

But the need for reform will not disappear. Privatization and the reduction of civil service numbers are welcome but do not address the issues. These have to do with the conduct of business in a Parliament where hours and styles still fit nineteenth century rhythms. Redefining the task of the civil servant cannot be isolated from the incoherence of the minister's job, its mixture of parliamentary, constituency, political, managerial and departmental activities producing, after six years in office, so many burnt-out cases.

Here is as good an explanation for the timorous spirit of ministers in 1986 as personal pusillanimity. The strong critique advanced by Sir John Hoskyns of the absence within government of political back-up, sources of fresh and committed thought, still stands unanswered.

The canvas is large. On it figures if not a freedom of information statute then a drastic revision of the rules about the flow of information within/into/out of departments. With a better flow of facts and ideas goes the movement of personnel. In an ideal world, the departure of the head of the Efficiency Unit would be matched by the importation of a private sector (or local government) figure.

There has been some progress. But it is not enough to appoint a purchasing manager from the private sector; why not a corporate policy-analyst as under-secretary. The only barrier to such

movement is the conservative principle of safeguarding positions and prospects.

As the series of articles published in *The Times* this week has shown, there is growing recognition, not least within the civil service itself, that the old boundaries between the political and the administrative have shifted. A redrawn boundary between politics and administration could be policed without revolutionary changes. In the United States at a certain level civil service rules cease and appointees have tenure only for the life of an administration. A version of the French cabinet system has been suggested. It might take the form here of an enhanced private office.

The convention that ministers are responsible for all that departments do in their name is exhausted. Civil servants — properly rewarded for the responsibility — must be given greater discretion to manage the business of government and take a higher profile.

Here is an agenda waiting for action. It is not up to Sir Robert Armstrong (though enthusiasm for reform might be a useful qualification for his successor in office). Whitehall reform is a task for politicians, and especially the Prime Minister. Institutional reform is not a substitute for economic and social policies to regenerate Britain. It is complementary. It matters not for the sake of arcane administrative flow charts, but for the sake of programmes and policies. If the machine does not function, or works slowly and grudgingly in the old ways, the most radical political ambition may come to nothing.



Cabinet Office

MANAGEMENT AND PERSONNEL OFFICE

From the Minister of State
Privy Council Office
The Rt. Hon. Richard Luce MP

Great George Street
London SW1P 3AL
Telephone 01-233 8610

The Editor,
The Times,
1 Pennington Street,
London,
E1 9XN

29 March 1986

Dear Sir,

Your editorial of 27 March 'Reversing down Whitehall' needs answering. As Minister with day-to-day responsibility for the Civil Service I welcome your lead in discussing the role of the Civil Service. But your arguments lack cohesion.

Two important questions need to be posed. Is the Civil Service an obstacle to the carrying out by an elected government of its policy programme? And is the Civil Service as efficient and professional as it should be?

The first question is broadly answered by examining this Government's achievements in the last seven years. In that period we have pursued radical reformist policies on trade unions, home ownership, privatisation, training and taxation amongst others. Plans are in hand for major reforms on, for example, social welfare, education and local government finance.

These are all major changes which the Civil Service has

loyally helped to implement.

On the second question, your editorial fails to acknowledge the scale of the management reforms which have taken place in the Civil Service since 1979 under the Prime Minister's leadership.

The Civil Service is now smaller than it has been ever since the Second World War, slimmed by 20% since 1979. The work of the Efficiency Unit (which will continue vigorously in its task under the leadership of Sir Robin Ibbs of ICI), reinforced by the Financial Management Initiative, has already transformed the management of the Service, bringing home to civil servants at all levels the need constantly to question existing practices and procedures and to keep a tighter control on costs. For the first time line managers now have clearly defined responsibility both for the tasks which they carry out and for the resources they use.

Nothing could be further from the truth than your suggestion that the process of reform is in reverse. There is, of course, still much more to do, to consolidate and follow through the series of related initiatives in the management of money, people and physical assets. But today we undoubtedly have a Civil Service which not only retains all the traditional virtues but is also efficient and professional. Civil Servants deserve enormous credit for carrying through our programme of management reforms with determination and commitment.

There are of course many other aspects of government which merit public debate. The complexity, the growth of select committees, the demand for more information, and the role of political advisers all pose interesting and important questions about the relationship between ministers and civil servants. The Select Committee on the Treasury and Civil Service will shortly be reporting on this and will doubtless stimulate further discussion.

The Government will be considering these questions very seriously. We shall also continue to press ahead with the programme of management reforms which I have outlined. I fully agree with your view however that 'institutionalised reform is not a substitute for economic and social policies to regenerate Britain', and I regret the tendency in some quarters to suggest otherwise.

Rt. Hon. Richard Luce, M.P.,
Minister of State, Privy Council Office.



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