



Ref. A082/0150

PRIME MINISTER

Future of the Rayner Unit

Sir Derek Rayner sent me a copy of his letter of 15 November.

2. I agree with everything he says about the need for reform, and for drive and persistence in pursuing it.

3. As you know, we are at present on the course of Sir Derek Rayner's Option I. We are waiting to see whether Mr Cassels will be appointed to the other post for which he has applied. We should know by the end of the month.

4. I hope that we can stick to the Option I course. It was to a considerable extent at Sir Derek Rayner's instance that it was decided in April to bring the Rayner Unit alongside the management and efficiency divisions under Mr Priestley's command in the Management and Personnel Office, while preserving its individuality and its special characteristics, including Sir Derek Rayner's responsibility for it and his direct access to you. I thought then that that was the right move, and I think that experience has justified it. Mr Priestley has done a very good job in running the two sides of his work in parallel, as complementary and mutually reinforcing operations.

5. As a result, since April the Management and Personnel Office, which had a difficult start in life and an uncertain first few months, has begun to settle down, and to increase its effectiveness in the process. It has a clearer idea of what its role is and should be, and what it can and should be doing; it is establishing its position with other Departments; and with all this the spirits and the self-confidence of the staff have begun to be restored. That progress is being consolidated by the arrangements now in hand to mark the MPO's first anniversary. What the MPO needs now is a period of stability of organisation. If a Management Unit were to be detached from the other management and efficiency work in the MPO, taking with it not only the original Rayner Unit but also some additional staff from the old Management and Efficiency



division of the MPO, as proposed in Sir Derek Rayner's Option II, and perhaps even taken out of the MPO (as this seems to imply), that would be a tremendous setback to the staff that remained: indeed, one from which the MPO would not in my judgment recover.

6. As Sir Derek Rayner says, there is also the position of the Lord Privy Seal to consider. She was, as you will remember, very much put out by the decision to dismember the Civil Service Department, feeling a little like a general whose horse had been shot underneath him (by his own Commander-in-Chief). She has taken her role in the promotion of management and efficiency very seriously: indeed, most of the time and energy which she has to give to the work of the MPO has gone to that side of the work, and she has developed not only a close interest in and a sense of responsibility for this work but also a good idea of what she can best do to promote it. Given that you cannot (and should not be expected to) find time for a day-to-day interest in this work, it would be a pity to lose the interest and involvement which the Lord Privy Seal has built up.

7. If we proceed with the Rayner Unit within the MPO reporting to a Second Permanent Secretary, there will need to be (as Sir Derek Rayner says) a clear understanding that he can report direct to you as required on management and efficiency work. That is indeed the theoretical position today: it does not happen for reasons which we know. We have personnel changes pending at the top of the MPO - with Mr Cassels having applied for another appointment, and Mr Fraser a probable successor to Sir Douglas Lovelock as Chairman of the Board of Customs and Excise. These changes, though disruptive in themselves, should give us the opportunity to make appointments and dispositions which would meet the requirement for a supervision of the Unit, and of the other management and efficiency work, in which you and the Lord Privy Seal have confidence.

8. Other options are thinkable in the longer run: Option III as described by Sir Derek Rayner; or an option which puts all management and efficiency work (including the Management Unit) in the



Treasury and brings the other MPO functions into the Cabinet Office; or an option which brigades the management and efficiency work and personnel management as separate divisions alongside the existing components of the Cabinet Office into an enlarged central department under you. But I think that these possibilities are for the more distant future (if ever). The MPO has been in existence for only just a year, and is beginning to find its feet and its raison d'etre. Another major organisational change now would mean that we should lose all that had been achieved and in effect forfeit the chance of further results this side of a General Election.

9. Perhaps we could revert to this further when we know whether Mr Cassels has been selected for the post for which he has applied.

10. I am sending a copy of this minute to Sir Derek Rayner.

A handwritten signature in black ink, appearing to read 'RA' or 'RCA', written in a stylized, cursive manner.

ROBERT ARMSTRONG

17 November 1982



10 DOWNING STREET

Prime Minister

Sir Robert Armstrong's
comments are now attached.

Agree that we hold over
action on this until we know
what is going to happen to

Mr. Cassels?

FERR

17.11.

We can't - we
have to decide before
2nd Dec. I must
decide next week