

PRIME MINISTER



M P O and all that

I continued to talk to Clive Priestley after you saw him this afternoon.

It emerged in your talk with him that the structure which would be the best stepping stone to what you want after the Election would be no ^{second} Permanent Secretary, and a Deputy Secretary in charge of the efficiency work who could be brought into this office with the Rayner unit after the Election. The rest of the efficiency work could then go to the Treasury, probably with personnel management and training, leaving appointments and Civil Service Commission with the Cabinet Office.

Lady Young is the real obstacle. Sir Robert Armstrong told me ^{today} ~~yesterday~~ that she was very cut up after her meeting with you yesterday and did not sleep. She feels that she has done her utmost to make a success of M P O, and that she needs and deserves a ^{second} Permanent Secretary

in whom she can confide.

If it became apparent that

- (a) you were going to abolish her MPO after the Election
- (b) in preparation, you were not going to give her the Second Permanent Secretary she wants

I do not think that you could keep her aboard.

I can only think of three alternatives:-

i. Grasp the nettle and abolish MPO now; bring Clive and the 'old' Rayner unit into No. 10 now; put the test of efficiency in the Treasury under Wilding; (This would probably justify restoring the former deputy secretary post on public expenditure, which you could give to Anson); leave appointments with the Cabinet Office. But do you want to throw this pebble in the pool at this point before an Election?

ii. Delay Mr. Cassels' departure. Mr. Chandler is due to leave NEDO in June. Could he be persuaded to stay until October? or could the ^{NEDO} post be left empty for four months? Not much solace to Lady Young, and your motives would be pretty obvious.

iii. Appoint Mr. Le Cheminant as Second Permanent Secretary now and keep Clive Priestley as Head of the Rayner Unit until after the Election (perhaps with promotion to Deputy Secretary now). Then bring Clive Priestley, or his successor, into No. 10, ^{abolish} ~~and~~ MPO and leave Mr. Le Cheminant as Second Permanent Secretary in the Cabinet Office if Sir Robert Armstrong can find a use for him.

None of these is a perfect solution: Clive and I agreed to think further over the weekend and compare notes again on Monday.

F.R.B.
4.3.