



10 DOWNING STREET

From the Principal Private Secretary

MANAGEMENT IN CONFIDENCE

SIR ROBERT ARMSTRONG

Lord Rayner called on the Prime Minister this afternoon. Among the matters which were discussed was the future of the Rayner unit.

Lord Rayner thought it now virtually certain that Mr Priestley would join British Telecom in July. He strongly urged that the remainder of the unit should be kept together under Mr Beesley's leadership. If there were difficulties about promoting Mr Beesley to Under Secretary, it would be better that he remain as Assistant Secretary in charge of the unit than that the present unit should be broken up.

The Prime Minister asked Lord Rayner whether he had any ideas about someone to lead the unit in the same way as he had done. Lord Rayner said that his first choice for this role was Sir Frank Cooper, and he left a note of a discussion which Mr Priestley had had with Sir Frank Cooper, indicating that Sir Frank would be interested in such a role. The Prime Minister's reaction was that this was well worth considering, and that Sir Frank Cooper need not work full-time on it.

The Prime Minister also raised with Lord Rayner the suggestion that a businessman should be brought in to get experience of Whitehall, with a view to returning later as Lord Rayner himself had done. Lord Rayner saw considerable advantage in this, but had no immediate names to suggest from Marks and Spencer.

May we have a word about the suggestion that Sir Frank Cooper might be brought in on a part-time basis to head the Rayner unit ?

11 April 1983

Free.B.

Copy in Apples.

Part 11
Pl. put on file about
future of Rayner unit.

FRB

11.4.

LORD RAYNER

DISCUSSION WITH SIR FRANK COOPER

Sir Frank Cooper came in on 30 March to discuss the future of the efficiency programme with Mr Priestley and heads of division in the ME Group. (Sir FC had recently chaired a Civil Service College seminar on this topic attended by a good quality group of mainly Assistant Secretaries - including some who had been earlier examining officers.)

2. In general Sir FC was very impressed (not to say amazed) by the way in which the Civil Service ethic had stood up under recent pressures. He still saw a very strong desire among civil servants to do good for their fellow citizens. But the service still suffered from cultural blocks which underestimated the value of management skills and put too much of the available talent and effort on "policy work". He saw the efficiency programme as strongly established with enough scope for 10-15 years satisfactory work. On the other hand Sir FC thought there were two very considerable gaps in the arrangements for managing the civil service. First, there was a lack of a sense of coherence in the senior ranks of the profession about where the civil

service is going and what should be done to ensure satisfactory performance in the future. He put this down squarely to a failure of senior management, largely stemming from an unwillingness to back one's own judgement and to give explicit instructions (for example, from the Head of the Civil Service to Permanent Secretary colleagues). Secondly, he thought the civil service lacked the mechanisms for communicating aims and priorities down the management line in simple language.

3. Sir FC recommended an approach based on the following:

- There should be no let up on the efficiency programme. The Prime Minister needed to keep cracking the whip otherwise recidivism would set in. The service should learn to live with too much to do. The efficiency programme should tease out those areas in the department which it ought to be doing something about. How to do this was a practical problem. The Prime Minister's interest and authority was needed because it was inevitable that Ministers would respond competitively to approaches by any other Minister than the Prime Minister. Sir FC saw great merit in the high profile and cachet of "Raynerism" as the apparatus by which the Prime Minister's policy would be made into a practical reality. To fulfill this role the Unit needed to be respectable and credible in departmental eyes. This pointed to leadership by a

big figure supported by a small Unit combining a mixture of skills and experience: young staff, some ex-managers, some staff officers, some on secondment from departments, some brought in from outside industry. Its head must have access to and the confidence of the Prime Minister. This pointed to the role being discharged either by the Head of the Civil Service himself or by a prominent outsider if someone of sufficient talent were available. (Sir FC pointed to your own investment of time and effort in the early 1970's which had contributed significantly to your present success.) He saw the role of this unit very much as it is now.

The Head of the Civil Service should issue a note, with the Prime Minister's backing, to Permanent Secretaries which would set out briefly, and in simple language, signposts for the working and development of the civil service. (Sir FC did not think that this should go from the Prime Minister to Ministers. He supported the role of Ministers in, for example, scrutinies but thought that given the unpredictability of Ministerial interests in management of the department it was necessary not only to involve Ministers but to make the management system "Minister-proof".) He thought that such a document could be more effective than efforts to write down the

managerial role of Ministers and Permanent Secretaries
In his view such a document would contain a few strategic intentions. Examples were: the introduction of a merit pay scheme and a firm statement that departments should follow the principle that nothing should be done in government unless it was essential to be done there.

- Departments should work up specialisations for their staff, concentrating first on their fast stream intake and probably including financial recognition for those who obtained relevant professional skills and qualifications. Sir FC said he was appalled at civil service profligacy in the use of the country's talent. It was right that the service should recruit very good people. But the present lack of encouragement for in-depth knowledge and deployment of essential skills (of which he mentioned legal, accountancy, numeracy, languages) and the relative frequency of new and unrelated postings contributed to the lack of confidence and unwillingness to back judgements which was a serious block to greater effectiveness and efficiency.

4. When Sir FC left here it was to see Sir RA about his own future. Sir FC indicated to CP that he would like to be considered for Head of the Unit - though he was keen to know what also might be in the wind for himself.

IAN B. REESLEY