

Telegrams: Marsponna London
Telex No.: 267141
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Michael House,
Baker Street,
London, W1A 1DN.

from The Lord Rayner
10th June 1983

We discussed
and decided
it

See Prime Minister

THE QUALITY OF GOVERNMENT

The Conservative Party Manifesto makes clear that your Government intends to provide the citizen with a public service of quality, in which he can have pride. This note, which reflects what you said when we met on 11th April, makes proposals to press on with the good work of your first Administration.

The principles to shape action

The thoughts reflected in the Manifesto, and our work so far, point to three principles which should guide action:

- (1) Do within Government only those things which people cannot do better for themselves.
- (2) Aim for a quality service from Government to the nation - sound policies which are delivered quickly, responsively and to excellent value.
- (3) Build a high quality professional Administration on well trained officers having clear personal accountability for what they do.

What has been achieved

Ministers have made a good start through the excellent work by some departments to improve their performance; the manpower policy, including "Wardale", and the efficiency programme associated with my name. In four years the scrutinies and reviews have shown the way to improved administration and savings to the taxpayer worth £400 million a year at a cost of less than £5m. Key lasting reforms have started well with the lessons drawn from the control of running costs, the Financial Management Initiative, and important new directions identified for personnel policies.

Some departments (such as DHSS and the revenue departments) have made substantial advances. But others are scarcely past the starting line. We have hardly scratched the surface of programme expenditure. There is a long haul

/ ahead if we are

ahead if we are to bring central government fully up to meeting the managerial challenges of a changing economic climate and rapidly moving technology.

What is needed

We need to keep the momentum of reform going: to build changes to last, to make good management the norm in decision-making processes.

I remain firmly and clearly of the view that the drive should be led from your office. The detailed work must be done in departments, but it needs leadership at the highest level to point the right direction and to set the pace. A small, high-powered management unit acting with your authority and trust, and located near you, is what this needs. I covered the possible structure and organisation of such a unit in my letter of 15th November 1982, copy attached for convenience; we discussed personnel for the unit on 11th April, at both the levels of Director and Under-Secretary.

The tasks of such a unit would be:

- (1) To run a programme of scrutinies and reviews which would be your eyes and ears, assuring you, and as appropriate the Cabinet as a whole, of the quality and cost of government and providing the evidence on which to base such further initiatives as will be necessary.
- (2) To secure the delivery of what has been agreed to, by keeping departments and the expenditure divisions in the Treasury up to the mark in implementing key scrutinies and reviews.
- (3) To represent your interests in lasting reforms aimed at improving the public sector's use of manpower, money and machines.

Next Steps

If you agree this is the way forward you may wish to launch the new arrangements with:

- (1) A message to Ministers in charge of departments recalling the Administration's commitment to good management and setting out briefly their and Permanent Secretaries' responsibilities in this area.
- (2) A minute to the Head of the Civil Service setting out the main aims to which he and his colleagues should direct their management of the Civil Service during your Administration.
- (3) A commission to the new head of your "Management Unit".

/ At my request


PERSONAL AND CONFIDENTIAL

At my request the Rayner Unit have worked up the attached drafts of (1) and (3). Mr Priestley and Mr Beesley have done some preliminary work on (2) and stand ready to undertake staff work for you on this and any other aspect of the new arrangements.

The draft commission to the head of your unit ((3)above) gives more details of the precise tasks to be given priority.

Finally, may I say how much your own unswerving visible support for the work to improve efficiency has meant to our success so far. Without it we could not have done what has been done, and in my judgment it is vital for continued success. Thank you for it.

I am sending a copy of this minute and attached papers to Sir Robert Armstrong.



Encs:

Copy letter of 15th November 1982
Draft message to Ministers
Draft commission to head of the "Management Unit"

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON SW1

Telegrams: Marsdena London
Telex No.: 267141
Telephone: 01-935 4422

Michael House,
Baker Street,
London, W1A 1DN.

from The Lord Rayner

10th June 1983

John P. White

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Draft message to Ministers
Draft commission to head of the "Management Unit"

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON SW1



Lee At
cc CO

10 DOWNING STREET

From the Principal Private Secretary

14 June 1983

PERSONAL AND CONFIDENTIAL

Dear Derek,

The Prime Minister was very grateful for the papers which you sent her on 10 June.

As you know, she is sympathetic with your view that the work on efficiency should be led from her office, and she has asked Sir Robert Armstrong to discuss with you her ideas on the detailed set-up, in the light of some other decisions on machinery of government which she has now taken.

I am copying this letter to Robert Armstrong.

Yours ever,

Robin Butler

The Lord Rayner

At

Telegrams: Marstonia London
Telex No.: 267744
Telephone: 01-935 4422

File on
future of Rayner
with

Michael House,
Baker Street,
London, W1A 1DN.

10 June 1983.

from The Lord Rayner

Dear Prime Minister,

Congratulations on a well deserved decisive election result. It must allow you a sense of great personal achievement to have led your Party to victory having determinedly followed policies which brushed aside short-term expediency and concentrated on the long-term success of the nation.

You will have many calls on your time and much to do following the election. However, I hope that you will excuse my action in sending you the attached papers. They cannot reflect your great priorities, but in the interest of long-term success I do believe it is essential for you to signify your determination to continue the development of the drive to improve management in the civil

Service, and, more importantly to ensure. The
longer-term objectives which we have discussed
in the past and which are essential to a
lasting reform.

Yours ever
L. S. S. C.

Telegrams
Spensa London Tel.
Telephone: 01-935 4422

Michael House,
Baker Street,
London, W.1

From Sir Derek Rayner

15 November 1982

Mr. Minister,
FUTURE OF THE RAYNER UNIT

You have consistently indicated to me your wish to retain a Management and Efficiency Unit with a direct reporting line to you.

As you know, I share this view, but in August proposed arrangements which would follow up my departure in the belief that the Unit would have to function under the leadership of John Cassels as an integral part of the MPO.

Although I am convinced that the Treasury and MPO are moving in the right direction, the need for reform and persistence is so great that your objectives would best be served if the drive forward were led from your office. Not the least important consideration is that the need for good management stretches well into other parts of the public sector and I am sure it would help you to have the practical means of influencing action.

With the delay until the second week in December of the announcement which would fully integrate my Unit within the MPO and the possible appointment of John Cassels to another post, I am sending you this minute to clarify the options.

- Option I To proceed with the Unit reporting to a Second Secretary within the MPO in whom you and the Lord Privy Seal have confidence. For him to be effective there would need to be a clear understanding that he would report to you directly as you required on management and efficiency work.
- Option II To appoint a Director of a Management Unit who would clearly take it over from me and have the same access to you and the degree of independence that I have enjoyed. My choice would be Sir Frank Cooper if he were available as he has unrivalled experience and enthusiasm for management. The management unit which would succeed the Rayner Unit would be larger than it was prior to the abolition of the Civil

Service Department, but smaller than the existing unit under Mr Priestley in the MPO. The staff would consist of approximately 17 people and would be tasked as shown in the appendix. The virtue of agreeing to this option now is that whatever rearrangement you thought necessary in the future, it would preserve a management and efficiency unit which could be placed organisationally precisely as you wished.

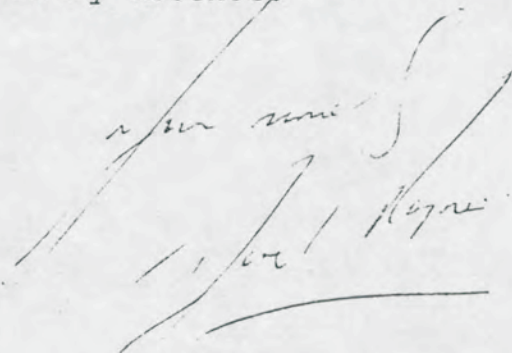
Option III This option would:-

- (i) transfer to the Cabinet Office the resources now within MPO which support Sir Robert Armstrong with personal services to you, for example machinery of government and honours;
- (ii) establish as part of your office the Management and Efficiency Unit as proposed in Option II above and
- (iii) place in the Treasury the remainder of MPO's activities. Probably not acceptable at this stage, but to be borne in mind as an objective and implemented at the appropriate time in future.

My choice would be Option II.

I recognise that Options II and III affect the position of the Lord Privy Seal. Lady Young has taken her role in the Management and Efficiency activities seriously and with determination to succeed. Longer term, however, the office holder may find it hard to cut ice with political colleagues who have much larger departmental responsibilities, especially as the post lacks the power of the purse.

I am copying this letter to Sir Robert Armstrong. As I must be seen at Marks and Spencer to be released from my present Whitehall responsibilities by the revised date, I should be glad to know what is intended and to have the opportunity to contribute to any drafts associated with the next step. I shall be abroad on business from 24 November until 2 December, but my staff can, if necessary, help with the detail in my absence.



The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON SW1

ANNEX

COMPOSITION OF A MANAGEMENT UNIT REPORTING TO THE PRIME MINISTER

1. Director: Sir Frank Cooper (part-time if necessary to secure acceptance)

2. Deputy Director: *Under Secretary + Senior Personal Secretary + Clerical Officer (also looking after Lord Rayner and Sir Frank Cooper).

3. Section 1: Assistant Secretary + Personal Secretary + 3 Principals.

Scrutiny programme: coordination of 1983 programme; implementation of completed scrutinies; progress chasing and reporting.

Service-wide review of supporting services for administrative work, 1983; coordination and central report.

4. Section 2: Assistant Secretary + Personal Secretary, 2 Principals and 2 other staff.

Service-wide reviews of supporting services for government. R&D, 1981-82, and of personnel work, 1982; follow-up.

Service-wide review of contract and procurement procedures 1983; coordination and central report.

5. Section 3: Assistant Secretary + Personal Secretary, 4 Principals and 2 other staff.

Service-wide reviews of administrative forms, 1981 and of running costs, 1982; follow-up.

Service-wide review of the responsibilities of line managers, 1983: coordination and report.

Financial Management Initiative, 1982-83; contribution to staff work.

* Amended in the light of discussion with the Prime Minister on 11th April 1983

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PERSONAL MINUTE TO MINISTERS IN CHARGE OF DEPARTMENTS

THE QUALITY OF GOVERNMENT

The Manifesto made clear our determination to give the citizen a public service of quality, in which he can take pride. We made good progress towards this during our first Administration and we now need to use those foundations to build lasting improvements.

2. The key principles behind our actions must be:

- (1) We must do in government only those things which people cannot do better for themselves.
- (2) We must have sound policies delivered quickly, responsively and to a standard of excellent value.
- (3) Our civil service must be professional and have clear lines of personal accountability.

3. Government will always use a large share of the wealth of the country. We must see it is used efficiently to produce continuing benefit. The citizen's experience

/ of government

CONFIDENTIAL

of government ought to be of a constructive, caring and firm authority - committed to first class service to Ministers and the public and to maintaining a clear reputation for value for money.

4. Each Minister in charge of a department is responsible for its policies and how well it manages the resources provided by Parliament and the taxpayer. Much of this task of management can and should be delegated to your Permanent Secretary. Exactly how much is a matter for discussion and agreement between each Minister in charge of a department and his Permanent Secretary.

5. The Head of the Civil Service will shortly send to his Permanent Secretary colleagues a note on the standards and principles which this government wishes the Civil Service to follow. The Management Unit I am establishing in my own office will help to keep up the momentum through the central programme of scrutinies, lasting reforms and other initiatives, taking account of departmental programmes of management action.

/ 6. One of the lessons

CONFIDENTIAL

6. One of the lessons from our first Administration is that officials will respond well if given firm leadership. May I look to Ministers in charge of departments to help create the opportunities for continued improvements in efficiency and effectiveness by showing your personal concern to ensure the quality of the department's performance and to establish good management as the natural order of things?

CONFIDENTIAL

COMMISSION TO MANAGEMENT UNIT

THE MANAGEMENT UNIT : THE TASK AHEAD

I should be grateful if you would draw up and submit to me a Work Programme for the Management Unit by 1983. It should cover the period to 31st March 1984; the following financial year; and, in broader outline and subject to amendment, the subsequent three financial years (to 31st March 1988).

2. Among the tasks for the unit will be that of continuing the efficiency programme already under way for the current financial year, and building on it. I shall therefore expect the work programme to provide for:

- (1) Supervising and reporting on the 1983 centrally co-ordinated Efficiency Programme of scrutinies and multi-department reviews.
- (2) Ensuring with departments and through the appropriate divisions in H M Treasury that past scrutinies and reviews are properly implemented.

/ (3) Developing

CONFIDENTIAL

- (3) Developing and overseeing on my behalf a continuing programme of scrutinies, multi-department reviews, and policy-effectiveness reviews. These must continue to provide factual evidence of the real quality and cost of Government. They should involve the unit in the review of programme expenditures, and ensure that our policies for the quality and cost of Government extend as appropriate in the public sector beyond the Civil Service and in particular to non-departmental public bodies. The review process should become part of the normal decision-making procedure of departments.
- (4) Representing my interest in getting real and lasting reforms in administration, notably in:
- financial management, applying the principles developed under the Financial Management Initiative,
 - managing people, following up the Review of Personnel Work.
 - information technology.

/ (5) Being as open

CONFIDENTIAL

(5) Being as open as possible - in speaking writing and teaching with the aim of spreading interest in good management widely in the public sector and beyond.

3. As one of your earliest tasks I should like you to prepare urgently a draft minute for the Head of the Home Civil Service to send to his colleagues setting out the management task which will turn our principles into a programme of practical action. I suggest that you consult Lord Rayner and Sir Robert Armstrong in preparing a draft for me to see.

4. You will report directly to me on the matters set out above. I wish you to work closely with the Head of the Home Civil Service. Once I have approved the work programme for the Unit, I shall expect you to take such initiatives as are required, to report to me from time to time on progress, and to seek my personal support if that is necessary. I shall also look to the unit for staff work as occasion requires.

Telegrams: Marjorie London
Telex No.: 267141
Telephone: 01-935 4422

Michael House,
Baker Street,
London, W1A 1DN.

from The Lord Rayner

10th June. 1983

Dear Robin

Sorry to add to your burdens by sending
via you the attached message and paper for the
Prime Minister. I am off to Israel this weekend
and am therefore anxious not to leave any
suggestions until my return.

Best wishes

Yours
Rayner

Telegrams: Marspenca London
Telex No.: 267144
Telephone: 01-935 4422

Michael House,
Baker Street,
London, W1A 1DN.

from The Lord Rayner We will go ahead

10th June 1983

open the Rayner Unit
into No. 10 with
Sir Kenneth Cooper if he will

Sir Robert

I have been giving some thought to how we will need to move matters forward on the efficiency front now the Conservative Administration is returned to power, and in the light of my conversation with the Prime Minister on 11th April.

My intention remains to withdraw completely when the circumstances are right. Many officials have seized the opportunities to improve the work of central government provided under the last Administration and I applaud them. My own work has been dependent on civil servants and has been well served by many senior and not so senior officials in departments. My concern since my partial withdrawal at the end of 1982, and especially now, is to hand over to the Prime Minister a pattern of activity in good working order on which she and you can build a civil service which is appropriate to the last years of the century and will lay a good foundation for the next.

As you know, I discussed with the Prime Minister the arrangements needed in the light of her expressed wish to secure an appropriate unit under her direct command and in her own office.

With my commitments in my own company I cannot guarantee that I can much longer be available for the kind of involvement which is necessary to support the Prime Minister.

The enclosed papers, therefore, build on the talk with the Prime Minister on 11th April. They point the way to special arrangements in support of her assuming that she retains an enlarged "Rayner Unit" and merges virtually all the functions of the MPO into the Treasury - as I believe would be right.

As we have discussed, the Lord Privy Seal showed determination and support for the Rayner Unit after my return to Marks and Spencer. The propositions I make, therefore, are in no way a criticism of her contribution, but an acknowledgment of the political reality that the work of the unit will be best carried forward if it is seen to be led from No. 10 and with your direct involvement as Head of the Civil Service.

I am sending a copy of this minute and the attached papers to Mr Butler.

Sir Robert Armstrong GCB CVO
Secretary of the Cabinet
Cabinet Office
70 Whitehall
LONDON SW1A 2AS

[Handwritten signature]