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Prime Minister.

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Please thank Sir  
for the very helpful  
opinion. I am most  
grateful.

Sir Ian Bancroft.

Agree:-

- (i) to an announcement by written  
Answer if the House is then  
sitting; and if not, by a Press Notice.  
(ii) to the proposals in paragraph 4  
for publication.  
(iii) to 31<sup>st</sup> October as the deadline  
for the feasibility study report?

MR C A WHITMORE

#### THE ORGANISATION OF THE CENTRAL DEPARTMENTS

Thank you for your minute of 24 July about the further study  
the Prime Minister has in mind of the case for and against  
merging the central departments.

#### THE LORD PRESIDENT'S VIEWS

2. The Lord President shares the Prime Minister's view that  
it would be wise to have a study. He sees a spin-off advantage  
in that while the study is in progress, he and Mr Channon will  
be able to press ahead with their programme of bilateral  
discussions with Ministers about departmental manpower savings;  
these would have been disrupted had the Prime Minister decided  
to merge the Treasury and CSD during the Recess.

#### FORM AND TIMING OF ANNOUNCEMENT

3. I have discussed with Sir Douglas Wass, Sir Robert Armstrong  
and Sir Derek Rayner the timing and form of an announcement about  
the study. Clearly, some response to the Treasury and Select  
Committee's report will be required. One option would be to  
pre-empt the publication of their report by telling the Lobby  
of the Prime Minister's intention to mount the study. The other  
option, which I myself recommend, would be to make a low key  
announcement - by way of answer to a Written PQ or in a Press  
Notice - within a day or so of the appearance of the Committee's  
report. The strength of this second option is that we shall  
need to tell the staff of both the CSD and the Treasury about  
the study because they will need to know whether the stories in  
the Press are true and because the Project Team will need to be  
able to talk to them if it is to do its task properly. The job  
of dealing with enquiries from the Press and informing the staff  
could be handled better if we could refer to a public statement  
by the Prime Minister.

#### PUBLICATION OF THE STUDY'S FINDINGS

4. The news of the study will provoke demands for its report  
to be published. At the very least, the Treasury and Civil Service  
Committee will want to know what it contains and might call  
members of the Project Team to give evidence in the absence of  
a published report. My own advice, therefore, would be to pre-empt  
the demands for publication. What I have in mind is that the  
report would be in two parts. Part one would be factual and  
analytical; it would be prepared by the Project Team; and the  
Prime Minister would announce that it would be published. The  
second part (the existence of which would not be announced) would  
contain an assessment of the case for merger in the light of  
part one; it would be prepared by me, in consultation with  
Sir Douglas Wass; and it would remain Secret.

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EFFECT ON STAFF

5. I have considered the likely effect of the announcement of the study on the morale and effectiveness of CSD's staff. Certainly, there is already a good deal of apprehension here about the future. But that would not be dispelled even if the decision to merge were announced next week but the merger did not come into full effect for some months. During that interim period, the staff would remain unsettled until they knew exactly how the merger was going to affect them personally and their work in the unified department. I doubt, therefore, whether more harm would be done by the announcement of the study than by the announcement of unification at Ministerial level to be followed some time later by changes at official level. CSD's staff have already shown their ability to get on with their work despite speculation; and I think that the majority would recognise that a few more months of uncertainty was a small price to pay for achieving a soundly based decision on the future of the departments. We should need to explain to them openly and clearly the purpose of the study and its timetable.

TIMETABLE FOR THE STUDY

6. Your minute suggests that the study should be completed by 30 November. Sir Douglas Wass, Sir Robert Armstrong, Sir Derek Rayner and I believe that it would be both feasible and preferable to report by the end of October. There are three reasons for this. First, it would mean that the outcome of the study was known to the Prime Minister by the time that Parliament assembles for the new Session. That seems desirable so as to minimise speculation in the House about the Prime Minister's intentions and to handle enquiries from the Select Committee about the study and its findings. Second, even if the study were not to report until 30 November, we do not believe that it would be feasible to prepare a thorough and detailed blueprint for all aspects of unification. It should, however, be practicable to produce by the end of October the assessment the Prime Minister has in mind of what is involved in a merger. This would include estimates of the costs and benefits/of the implications for manpower - all on the basis of the maximum effective integration of the two departments. Third, if the Prime Minister decides on a merger a great deal of detailed work will be needed and, if the changes are to be made early in the New Year, the sooner the decision is taken the sooner we can get on with settling the comparatively minor, extensive, but vital mechanics of reorganisation.

7. Work is well advanced on the identification of the members of the Project Team and they can be informed and briefed as soon as the Prime Minister wishes. If she agrees that it would be best to make a low-key statement about the study, I will let you have a draft.

8. I am sending copies of this to the recipients of your minute.

IAN BANCROFT  
28 July 1980

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