

PRIME MINISTER

THE ORGANISATION OF THE TREASURY AND CSD

... The Select Committee on the Treasury and Civil Service will be publishing their report on the Centre and giving a Press Conference about it at mid-day tomorrow. A CFR of the report is attached.

Key Points of the Report

2. Pages 19-23 of the Report give the Committee's conclusions. The Committee believe that the weight of argument is against merging the two departments at present. They would also be against splitting the CSD and putting its manpower and management divisions into the Treasury. They do not express a firm view about the possibility of splitting the Treasury and putting its public expenditure divisions into the CSD, although they appear to have reservations about the idea.

3. They consider that the CSD has been shown to be defective as an instrument for controlling numbers and promoting manpower efficiency. To remedy this, they say that:

a. The CSD's status should be raised. This requires full commitment to its work from the Prime Minister and Ministers collectively. They say that this support is evidently being given by the present Government and by you personally.

b. There should be more cross-posting between line departments and the CSD and between the Treasury's expenditure divisions and the CSD's manpower divisions. The CSD should recruit more people at fairly senior levels from outside the Civil Service.

c. Full co-location of the Treasury and the CSD in one building would be highly desirable despite its difficulties.

d. There is a case for establishing common services for the two departments, particularly if they are co-located.

e. The Accountancy, Finance and Audit division should be transferred from the CSD to the Treasury.

f. The Committee believe that some of the Fulton Committee's and the Expenditure Committee's recommendations (about, for example, training and unified grading structure) still make sense, have not yet been implemented and should receive fresh consideration from the Government.

As soon as there has been time to study the Report more thoroughly, I will send you a fuller note on it.

CSI

Question Time Tomorrow

4. Since the report will be published at mid-day tomorrow, you may be asked about it at Question Time in the afternoon. It would be perfectly reasonable, I suggest, to answer all such questions by saying that you have only just received the report, will want to study it carefully, and will be announcing your own conclusions soon. This would be consistent with the Written Answer you gave Mr Hamilton on 4 December (copy attached).

The Main Issue

5. While there is no rule or binding convention to prevent you announcing your decision during the Recess, I think the Committee and the House would be likely to take it amiss if you were to do so. This suggests that the announcement should be made either next week or after the House returns on 12 January. The sooner the current uncertainty can be ended, the better for the work of the two Departments. Ideally, therefore, there would be much to be said for announcing your decision next week.

6. Clearly, the form and length of the announcement will be influenced by what you decide on the main issue of whether to merge the departments or to keep them separate. In either event, we could provide a draft quickly. If you share the Committee's conclusion, your decision on this main issue could be announced by way of a short Written Answer in reply perhaps to a Question asked by Mr Du Cann; there would be no need to express an immediate view on the Committee's more detailed recommendations (paragraph 3 above) because some of them go outside the issues on which we have given evidence to the Committee and others can best be taken into account in considering further the way to optimise collaboration between the two departments. Your considered views on these detailed recommendations could be held over till the New Year, perhaps for a White Paper. Indeed, given the interdepartmental and inter-Ministerial consultations involved, it will take us a little time to evaluate the detailed recommendations adequately.

7. I am sending copies of this minute to the Chancellor of the Exchequer, the Lord President, Sir Douglas Wass, Sir Robert Armstrong and Sir Derek Rayner.

JRB

IAN BANCROFT
10 December 1980