



Prime Minister

Paragraphs 11 - 15 relevant
to Ministerial appointments: you
can mull over the rest.

A083/1622

PRIME MINISTER

FERB

Machinery of Government at the Centre

You will want to return to the various matters we were discussing in the months before the Election.

Cabinet Office

2. I have assumed that you would envisage no change here, apart from the Central Policy Review Staff.
3. As to the CPRS, I doubt whether, if you decide that it has no future, we can pursue a policy of gradually running it down by making no new appointments. That is not a recipe for effective performance or good morale. If the CPRS is not to continue, I think that we had better disband it, and seek to minimise the costs of doing so as best we can.
4. But I hope that, before concluding that it has no future, we shall have a chance of discussing it with you, because I believe that there is a role for a collective central policy advisory staff, even if you decide to strengthen your own policy staff in 10 Downing Street.
5. Our experience of giving the CPRS a series of specific in-depth studies to undertake has not been a very happy one. This has not just been because some of them have leaked and caused embarrassment. Though you have approved the list of subjects chosen for study, it has not always been possible to give the reports the political direction and relevance which would maximise their value as pointers to Government action, or to further detailed work. The value that we have got out of them has, on the whole, not justified the expenditure and effort put into them.
6. But I do not think that we should conclude from that that we do not need something like a CPRS, in the sense of a central policy advisory staff which is available to Ministers collectively, not just to the Prime Minister. Departmental



Ministers - apart from the Treasury - tend to be ill-equipped with analysis and advice on policies in which their Departments have no departmental interest; and even where there is a departmental interest it needs to be seen in the wider context of the Government's overall strategy. The independent collective briefing and advice of the CPRS can be very valuable to such Ministers, and could with advantage be extended.

7. The strength of the CPRS lies in its independence of individual Departments, in its flexibility and ability to be iconoclastic, and its ability to bring together a wide range of different talents and skills, from outside as well as inside the Civil Service. The official Treasury welcomes the distinctive contribution which the CPRS makes to the coordination of policy advice and formulation at the centre, and would not want to see it disappear.

8. The role of collective briefing and advice is different from the role of briefing and advice to the Prime Minister. The CPRS has lately tended to try to combine both roles. But even if the role of briefing and advice to the Prime Minister is assigned to advisers to the Prime Minister's own office, the need for some body to undertake the role of collective briefing and advice will remain; and, if there is nobody there to provide it, the process of formulating Government policies and relating them to the overall strategy will be less effective.

9. I conclude from this analysis that:

- (1) You may well want some reinforcement of your advisory staff, particularly on economic and industrial matters.
- (2) Even if you do, we should retain a CPRS.
- (3) The balance in the CPRS's work should shift away from specific studies and more towards collective briefing on policy analysis and advice.



- (4) The CPRS should not be debarred from undertaking in-depth studies at your request or that of a departmental Minister (with your agreement). But we should not try to think up a programme of studies for the CPRS to do.
- (5) The CPRS in its new role should continue to be part of the Cabinet Office, though it would need to work closely with the advisers in your office.

10. If this prescription is followed, there may be scope for some reduction in the size of the CPRS, but I think not much, if it is to be equipped with a reasonable range of talents and skills. Some of those now in the CPRS might be worth considering as candidates for advisory positions in your office.

Management and Personnel Office

11. As you agreed when we discussed the future of the Management and Personnel Office before the Election, I have not taken further contingency planning to put the personnel management and efficiency functions of the MPO into the Treasury. I have however had a further word with Peter Middleton. He has confirmed that he would not wish to take the MPO into the Treasury; he has other thoughts about the areas on which the Treasury - and he himself - should be concentrating. Both he and Peter Le Cheminant and I would like to see some minor adjustments at the frontier between the Treasury and the MPO; the main change here would be to transfer the division which deals with industrial relations in the Civil Service from the Treasury to the MPO.

12. Ministerial dispositions for the MPO are for you to decide. I will only say that I think that the arrangement under which the day-to-day Ministerial responsibility for the MPO (formerly for the Civil Service Department) is combined with the leadership of the House of Lords has not worked badly over the years; it did not work so well with Lord Soames mainly because he found the CSD work boring and was longing to be more involved in foreign and European affairs. If Mr Whitelaw is to be the Leader of the House of Lords, I think that it would work perfectly well for



him to take on day-to-day responsibility for the MPO; and it would give him a Department of his own, which he may feel he will need and would like to have.

13. Equally, if you do not want to have a Cabinet Minister in the MPO, I think that it can manage well enough without one, provided that it has a suitable Minister of State. The period when Lord Soames was in Rhodesia and Mr Channon was in charge of the CSD showed that that would be a perfectly viable arrangement.

14. When you decided to break up the Civil Service Department in 1981, the original thought was that the functions that did not go to the Treasury would come into the Cabinet Office. It was eventually decided to leave those functions in a separate MPO (with the Secretary of the Cabinet also serving as Permanent Secretary of the MPO) because it was feared that bringing them into the Cabinet Office would open up the Cabinet Office "proper" to the inquisitive eyes of the Parliamentary Commissioner for Administration (whose writ runs in the MPO but not in the Cabinet Office) and of the Select Committee on the Treasury and the Civil Service. On reflection I think that we may have given too much weight to those fears. There are very unlikely to be any references to the Parliamentary Commissioner in respect of the Cabinet Office "proper"; and I doubt whether the separation would inhibit the Treasury and Civil Service Committees from inquiring into the Cabinet Office if they were determined to do so.

15. So I believe that you could, if you wished, bring the functions now in the MPO into the Cabinet Office, as a separate management and personnel division. I think that you would still need a Minister of State (who should in my view be a Minister of State, Treasury, and not a Minister of State, Cabinet Office) to relieve you of the day-to-day responsibilities and duties of Ministerial supervision of that work. The change would be as much cosmetic as real, because the functions themselves would not be changed and would still have to be performed and you would

still be, as Minister for the Civil Service, the Minister in overall charge. But it would perhaps make it easier to justify not having a Cabinet Minister in charge. It would have some administrative advantages, but there would also be some minor expenditure on new signs, badges and letterheads.

16. We are planning to take the Rayner Unit out and make it answerable to an efficiency adviser in 10 Downing Street. We could not now house the Unit in 70 Whitehall, unless there was a corresponding reduction in the size of the CPRS. Otherwise I think that the Unit will have to be located in the New Public Offices (the building now occupied by the Treasury) into which it is in any case due to move when the rest of the MPO moves later this year. That would have the disadvantage of being physically outside No 10; but that was the case when its members sat in the Cabinet Office building, and they do not need to be constantly in No 10. On the other hand it would have the advantage of being under the same roof as the Treasury and MPO divisions concerned with efficiency, with whom the Unit would need in any case to keep a very close working relationship.

17. No doubt you will want to discuss all these matters as soon as you have a moment to think about them.



ROBERT ARMSTRONG

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