

28th April, 1980

PRIME MINISTER

CIVIL SERVICE MANAGEMENT

To get effective cost conscious management into the Civil Service is a mammoth task. In numbers the Civil Service is the equivalent of British Leyland, British Steel Corporation, British Rail and the Post Office all together. In complexity it covers wider areas by far than all these and in its anti-management history and culture it is quite outstanding, even compared with its public corporation competition.

Based on the above, you might think the task impossible. At best, it is exceedingly difficult and will require a major effort over a long period with continual time and support from yourself.

It would be possible to argue that the task will not justify the personal effort it will require, and it should not be attempted. It must be true that it would be better not to try than to end up with another P.A.R. failure.

To succeed will require a viable strategy for changing the attitude to the importance of good management throughout the Civil Service. For decades an excellent draughtsman but poor manager has been able to reach Permanent Secretary level. A poor draughtsman but excellent manager might become an Assistant Secretary. Despite the Fulton changes in 1970, Policy is what matters in the Civil Service. The administrative class (who are, of course, concerned with policy and not administration !) become the Directors. The executive class can only aspire to becoming Senior Managers. This culture is a guaranteed recipe for poor management.

Because the change required in attitudes is so great, I do not believe it can possibly be achieved with the sort of minor structure changes envisaged in the Channon Report.

What is required ? Let me suggest the following as the basis for a discussion :

1. A Junior Minister of proven managerial competence will have to be found for each of the big number departments : Defence, DHSS, Environment, Employment, Treasury/Inland Revenue.
2. He will have to be given a broad "executive not policy" brief. He will be looking at what is done and how it is done. His only interaction with policy will be to draw attention to those cases where a change in policy would make administration easier. [At the moment policy is regarded as so much more important than administration that it sometimes appears to be assumed that policy changes are cost free.] The Rayner exercises show what can be achieved.

3. (This is a massive change). A management structure would have to be created in the big number departments so that an outstanding manager can reach Permanent Secretary level on the basis of his responsibility for administration. If we compare with industry, we must create a situation where the route to the Board is as open for the Director of Administration as for the Director of Research or Marketing. At the moment all Permanent Secretaries are responsible primarily for policy. All Deputy Secretaries are responsible primarily for policy. The system makes clear that administration is a rather secondary matter. And, of course, the top Permanent Secretaries are themselves the product of the system. Are they likely to believe that mere "doers" should be as important as themselves ?

CONCLUSION

To get better management in the Civil Service, with decades of anti-management culture, is an enormous task. The Rayner/Channon proposals, by themselves, will turn out to be a brave attempt achieving minor success and major failure. It is only a major ministerial and Civil Service cultural change which can succeed. If you do not judge that major changes are politically feasible and worth the effort then you should realise that minor changes are very unlikely to succeed.

David

David Wolfson

Re your meeting with Paul Channon and the Cabinet Meeting on May 1st.

The Cabinet can set targets or objectives. Ministers may agree or disagree on Thursday and some may agree on Thursday in order to fight cuts in their Departments at a later date.

But Ministers cannot agree a viable strategy for achieving better management because one is not yet available ! If you accept the above analysis, it will be necessary to develop the strategy for achieving better management as well as give Ministers targets for making minor cuts. Changes in Civil Service department top personnel, or their responsibilities, should not be put forward until you are personally sure that the proposed plans and changes are not just desirable or necessary, but also sufficient.