



FILE

RW

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

PSA:WARDALE/TOUCHE ROSS (WTR) REPORT ON IRREGULARITIES

I have shown to the Prime Minister your minute of 5 October (A083/2776). Against the final sentence of your minute, which suggests that the Chief Executive should consider putting back his proposed implementation date of 1 April, 1984 for re-structuring by 6 - 12 months to allow resources to be concentrated on other tasks, the Prime Minister has commented:-

"I think that other considerations require re-structuring".

R. E. R. BUTLER

6 October, 1983

CONFIDENTIAL

CF

Prime Minister

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Sir Robert Armstrong is suggesting that restructuring of PSA, far from helping with the problems highlighted in the Touche Ross report, will divert attention and resources from dealing with them; and that the target date for re-structuring should be postponed by 6-12 months.

Ref. A083/2776

MR BUTLER

I think that other reports require restructuring

PSA: Wardale/Touche Ross (WTR) Report on Irregularities

consideration

Shall I put this point to Mr. Jenkin's office?

I have just seen a copy of the Secretary of State for the Environment's minute of 30 September covering a proposed statement on this report.

FERB 5.10.

2. I have no comments on the statement, which seems to me to make the best it can of some very difficult material. I am sure it is right to concentrate on the action Ministers are taking and have already taken to improve matters, rather than to take time on generalised defence. But the Prime Minister will be aware that the adverse publicity we can expect as a result will have a depressing effect on morale in the Civil Service, not just in the Property Services Agency. The publication of the report so soon after the publication of the White Paper on Financial Management may also lead to unhappy comparisons of management systems and MINIS in the White Paper and the Wardale/Touche Ross account.

3. You will of course have noted that Mr Jenkin does not now propose to hold up publication until decisions are taken on the proposals for restructuring the Agency's territorial organisation. I think this is right. We are still some weeks away from a Ministerial discussion of the proposals on the basis the Prime Minister suggested, and postponement of publication even for that period does unfortunately carry with it the risk of leaks to the press. Although the Environment Secretary notes in his minute to the Prime Minister that the restructuring proposals would produce tighter and more manageable units, the main solutions to PSA's problems clearly lie elsewhere, as the authors of the report say in their introduction. It must also be the case that time and effort spent on restructuring will not be available to deal with the necessary improvements in management control. Indeed it is likely to be more difficult to enforce



strict management control during a period of organisational change. That might suggest that the Chief Executive should consider putting back his proposed implementation date of 1 April 1984 by 6-12 months to allow resources to be concentrated on other tasks.

Re
Approved by
ROBERT ARMSTRONG
and signed in his absence

5 October 1983

conqueror