

PREM19

60

GOVERNMENT

MACHINERY

(Rayner review)

(Part 1)

PREM 19/60



PART 2 begins:-

Note of Meeting 16.7.79

PART 1 ends:-

PM to Min A. Turner 13.7.79



10 DOWNING STREET

THE PRIME MINISTER

13 July 1979

Govt. Mach. JD
cc Ld. Pres.
Original in GPK

Dear Miss Turner,

Thank you very much for the message of good wishes in your letter of 28 June.

I have taken note of the Motion on Quangos passed by the National Annual Conference of your Federation. You will know that my colleagues and I share your concern about the growth of public bodies in recent years. I have asked Ministers to review all the public bodies for which their Departments are responsible. This is now in progress, but you may have noticed that we have already announced proposals to abolish the Price Commission and the Health Services Board, and to wind up the Royal Commission on the Distribution of Income and Wealth. You specifically mention the Land Commission. This was abolished in 1971, but some of the residual work on betterment levy cases has continued: it is now handled by three full-time and one part-time members of staff in the Department of the Environment.

We also recognise the need to limit the number of appointments held by any one person. I am sure you realise that most such appointments take up only limited time for their members, and a great many are unpaid. I would not wish to place a statutory limit on the appointments which may be held by any one person. What really matters is that Ministers

/ should

should satisfy themselves about the calibre of those they select for appointments, and should ensure that they can give the necessary time to the job. The names of members of new public bodies are usually made available in Hansard Answers to Parliamentary Questions. To produce a register of people serving on public bodies would be an expensive operation, particularly if it were to be completely up to date.

I recognise that the growth in Quangos has been a matter of legitimate public concern, and I can assure you that existing ones are now being carefully and thoroughly reviewed, and that any proposals for new ones will be very carefully scrutinised before being accepted.

Yours sincerely
Raymond Thelker

Miss Audrey Turner

UK Fed of Business & Prof Women

to



Govt. Mach.

10 DOWNING STREET

PRIME MINISTER

You are meeting
Sir Ian Bancroft and
Sir Derek Rayner (who will
be accompanied by Mr. Priestley)
at 1200 on Monday.

The papers for this
discussion are enclosed in
this folder: you have had them
for several days, but have
not yet had the opportunity
to complete your work on
them.

MAD

13 July 1979



BF when PM has dealt with quango papers (Monday)

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

12th July, 1979

*Sir DR + Sir
IB are
to re-draft paper
na MAP*

Dear Tim,

REVIEW OF QUANGOS

The Chancellor has seen Sir Derek Rayner's minute to the Prime Minister of 6th July.

He thinks the point Sir Derek makes in his third paragraph is an important one, and could be brought out more explicitly in section A of the suggested list of questions to be asked.

The list of multiple quangos where one would do is extensive; quite apart from the England/Wales/Scotland division, in the case of Tourist Authorities there are also regional organisations within the component parts of the United Kingdom. Similarly there are Regional Arts Associations; and, though not at the level of separate quangos, there are regional offices, e.g. of the EOC, the value of which might usefully be questioned. Another example which might be looked at is the separate existence of the British Airports Authority and the Civil Aviation Authority.

These suggestions are of course without prejudice to the conclusions which might be reached from detailed investigation of particular cases. But the Chancellor feels that the general line of enquiry suggested by Sir Derek Rayner is well worth following up.

I am copying this letter to the Private Secretaries to the Lord President, Sir Ian Bancroft, Sir John Hunt and to Sir Derek Rayner.

*Yours ever,
ME*

(M.A. HALL)
Private Secretary

T.P. Lankester, Esq.,



13 JUL 1964

~~Amal~~
~~...~~

PRIME MINISTER

The various waste and efficiency exercises which you commissioned at the early Cabinet meetings are still producing a lot of paper. I attach below Sir Derek Rayner's interim report on his project - Flag A; Sir Ian Bancroft's comments ^{18/6} on the waste and efficiency papers which you saw earlier - Flag B - and further submissions by Sir Ian - Flag C ^{3/7} - and Sir Derek - Flag D ^{4/7} - on the review of quangos. In all the waste and efficiency exercises, you will presumably wish to ensure that maximum momentum is kept up, but you will also, perhaps, want to keep to a minimum the amount of paper reaching you on the subject.

There are now five different exercises under way in this broad field:-

- 1) There are Sir Derek's own "Rayner projects". These are well in hand, as his report shows, and he expects to report on them at the end of October or in early November.
- 2) He is also working on the Government's conventions governing the management of business and resources (what he calls "the Whitehall philosophy"), and the lessons he draws from the "Rayner projects" will provide a substantial input to this study. He plans to produce a synopsis of this exercise in September, but he will not complete the project until the spring of next year.
- 3) There are the exercises by Departmental Ministers to reduce waste and to promote efficiency. The initial responses from Ministers were patchy, and Sir Derek proposes that when we have the further reports which Ministers have been asked to submit in October, this project should be turned into what he calls the "main campaign". The work that is being done in this area is being co-ordinated by the CSD, but there

is a problem of its relationship to Sir Derek's studies at 1 and 2 above, and I return to this below.

- 4) The study of Government circulars is now concentrated on Local Government circulars, and Mr. Heseltine has this well in hand.
- 5) There is the review of quangos which is being co-ordinated by the CSD. Sir Ian Bancroft has suggested that the next step on this is for me to send Ministers' offices the letter attached to his minute at Flag C, and Sir Derek has proposed a number of amendments designed to tighten up this letter. You need not go through this in detail. If you agree I will send out the letter amended to take account of Sir Derek's suggestions.

X |

We need to try to put these various exercises into a coherent pattern as far as possible, in order not to cause confusion amongst Departments and to ensure that lessons from one study are applied, where appropriate, to the others. This raises the question of the division of work between Sir Ian Bancroft and Sir Derek Rayner, particularly as regards the relationship between the first and second studies listed above on the one hand and the waste and efficiency project on the other. Sir Derek suggests in paragraph 11 of his minute at Flag A that although the task of co-ordinating the waste and efficiency work is one for the CSD, you might like to regard his staff of two as additions to your own office to monitor this work. I agree that we need some form of co-ordination between Sir Derek's own studies and the waste and efficiency work, and I think that Sir Derek is probably best placed to provide this. I think it important, however, that his staff should continue to work through him and not directly to you, if their activities are not to cause difficulties with the rest of Whitehall. I have discussed this with Sir Derek and he accepts my point. I have also suggested to him that he should let Sir Ian Bancroft know what he is

/proposing

* They are meeting this afternoon.
JH 10 vii

proposing as regards co-ordination and that they might both then come to see you to discuss the next steps.

The next question is whether you want these various exercises pursued simply under your personal authority or with the backing of Cabinet as a whole. I think that the latter course is right, in order to ensure the full involvement and co-operation of all Departments, though you will no doubt wish to make clear that you wish to give continuing impetus to the work. If you agree, would you like Sir Derek Rayner to let you have the draft paper for Cabinet which he offers in paragraph 10 of his minute at Flag A? If so, we might aim to take this in Cabinet before Parliament reassembles in the autumn.

Sir Derek also seeks your views on publicity for his work. I am inclined to think that we must leave this to his judgment. If he can see ways of using the media to strengthen his campaign, I do not think that you need object.

He is also pressing you to agree that the proposed management reviews of the ODA and MAFF should be allowed to go ahead. I know that you have expressed some scepticism about management reviews. Sir John Hunt and Sir Kenneth Berrill are similarly sceptical. On the other hand Sir Derek appears to see them as a useful part of his strategy; and I understand that the Foreign and Commonwealth Secretary and the Minister of Agriculture wish to see the reviews undertaken. Do you agree that they should go ahead, with Sir Derek associated with them as an extension of his project?

The only decision you need take now is whether I should send out the letter about the review of quangoes (X~~1/1000~~). You can leave over all the other points until your meeting with Sir Ian Bancroft and Sir Derek Rayner.

JW.

10 July 1979

Gort Mather

MR WHITMORE

MBPM

cc for information (with attachment)

PSs/Secretary of State for Scotland

Paymaster General
Minister of Transport
Sir Ian Bancroft
Sir Derek Rayner
Mr H L James
Mr Allen

THE RAYNER PROJECTS ETC

1. I have three points in connection with Sir Derek Rayner's meeting with the Prime Minister on Monday.

2. First, I attach an up-to-date version of the list of "Rayner projects" annexed to Sir D R's personal minute of 3 July.

3. Secondly, Sir D R's minute refers to the question of publicity (paras. 15 and 16). Pending Monday's meeting I have advised two departments which would like to announce their projects publicly, the Scottish Office and the Department of Transport, to defer doing so until the Prime Minister's views are known. I have also said that as these are projects for which Departmental Ministers are responsible, there is no reason why they should put off writing to bodies whom they may need to consult during the project, explaining in doing so that the studies are being carried/as part of the Rayner-aided efficiency/waste exercise, but the Scottish Office feel that, given the past behaviour of the bodies they are dealing with, they needed to get a pre-emptive press notice out when they let us issue.

∠ out

4. It would, therefore, be helpful, especially to the Scottish Office, if these departments could announce their projects early next week. The same may be true of other departments. I am in any case taking the precaution of drafting a press notice now.

5. Thirdly, the Minister of Transport has a Parliamentary Question to answer on Tuesday 17 July. This bears on the subject he has chosen for his "Rayner project", reading:

".... Whether he has any plans to phase out the Road Construction Units and to hand over their work to county councils on an agency basis" (Mr Heddle, Con Lichfield).

6. The simple answer to this is that the Minister has commissioned a study of the work of the RCUs which will be conducted in consultation with Sir D R as part of the E/W exercise, and officials are drafting on this basis.

CP

C PRIESTLEY
12 July 1979

Updated 12 July 1979

"Rayner projects": brief details

	<u>DEPARTMENT</u>	<u>SUBJECT OF STUDY</u>	<u>MINISTERS</u>	<u>OFFICIALS</u>
1	Home Office	The regulation of radio frequencies.	Lord Belstead Parliamentary Secretary	Mr Douglas Janes
2	Lord Chancellor's Department	Attachment of earnings for repayment of debt.	Sir Wilfrid Bourne Permanent Secretary	Mr C F Tye
3	FCO/ODA	The merger of the FCO and the ODA.	The Hon Douglas Hurd, MP, Minister of State, in con- sultation with Mr Neil Marten, MP, Minister of State	Mr C C W Adams (FCO) Mr M C McCulloch (ODA)
4	HM Treasury	To be notified. Review of the PAYE "Movements" form P45. The organisation of the 5 London Collectors of Customs and Excise. To be notified.	Lord Cockfield, Minister of State in consultation with Mr Peter Rees, QC, MP, Minister of State, and Mr Nigel Lawson, MP, Financial Secretary	Mr F K Jones HM Treasury Mr A Pinder Inland Revenue Mr M F Welling HM Customs & Excise Mr R H Lee Dept. for National Savings
5	Industry	Provision of statistical services.	Viscount Trenchard, Minister of State	Mr R de L Holmes
6	Defence	Procurement of non- warlike stores.	Lord Strathcona and Mount Royal	Mr C S Ponting
7	CSD	Charging for courses provided by the Civil Service College.	Mr Paul Channon, Minister of State	Mr R B Saunders

	<u>DEPARTMENT</u>	<u>SUBJECT OF STUDY</u>	<u>MINISTERS</u>	<u>OFFICIALS</u>
8	Employment	<p>a. Part-time Local Benefit Offices;</p> <p>b. Peaking of work and use of part-time staff in Unemployment Benefit Office.</p> <p>a. Training Allowances;</p> <p>b. The network of Skill-centres and Employment Rehabilitation Centres.</p>	Rt Hon James Prior, MP, Secretary of State	<p>Mr L Lewis <u>DE</u></p> <p>Mr R Phillips <u>MSC</u></p>
9	Agriculture	Capital grants for farmers.	Rt Hon Peter Walker, MP, Minister of Agriculture	Miss K Timms
10	Environment	<p>An aspect of regional planning.</p> <p>Estate management in Kingston-upon-Thames; energy conservation.</p> <p>Maintenance and related work, Bath District Works Office.</p>	Rt Hon Tom King, MP, Minister of State	<p>Mr D Bradley</p> <p>Mr G J B Donaldson</p> <p>To be notified.</p>
11	Scottish Office	The Consultative Committee on the Curriculum.	Earl of Mansfield, Minister of State	Mr J S B Martin
12	Welsh Office	The administration of controls over highway authorities; and controls over the building projects of local education authorities.	Rt Hon Nicholas Edwards, MP	Mr P E Loveluck
13	Northern Ireland Office	<p>a. Recovery of public debt (money owed for rent, rates, electricity etc).</p> <p>b. Review of rate collection system.</p>	Mr Hugh Rossi, MP, Minister of State	<p>Mr W G McKeown</p> <p>Mr P N Bell</p>

	<u>DEPARTMENT</u>	<u>SUBJECT OF STUDY</u>	<u>MINISTERS</u>	<u>OFFICIALS</u>
4	DHSS	Arrangements for paying social security benefits.	Mrs Lynda Chalker, MP, Parliamentary Secretary	Mr N R Warner Mr G E Grimstone Mr A Baker
5	Trade	Services to exporters.	Mr Cecil Parkinson, MP, Minister of State.	Dr J Spencer
6	Energy	Research and development in new energy technologies	Mr Norman Lamont, MP, Parliamentary Secretary	Mr J West
7	Education & Science	The teachers' pensions organisation.	Baroness Young, Minister of State	Mr R W Chattaway
8	Paymaster General	For decision.		
7	Transport	Construction of trunk roads: role of the Road Construction Units	Mr Kenneth Clarke, MP, Parliamentary Secretary	Miss R L Crafts



CIVIL SERVICE DEPARTMENT
WHITEHALL LONDON SW1A 2AZ
Telephone 01 273 5400

Sir Ian Bancroft G.C.B.
Head of the Home Civil Service

M A Pattison Esq
Private Secretary to
The Prime Minister
10 Downing Street
London SW1

Dear Mike,

REVIEW OF QUANGOS

You may find it helpful to have a comment from here on paragraphs 6 and 7 of Sir Derek Rayner's minute of 6 July to the Prime Minister about the review of Quangos. ✓

2. Sir Ian Bancroft suggests that it would be preferable to leave open at this stage precisely what material should be published at the end of the review, although clearly the Government will have to be in a position, as Sir Derek Rayner says, to deal fully and comprehensively with its outcome. The prior question raised by Sir Derek Rayner concerns consultation with Quangos and their staff sides. One difficulty here is that relationships with Quangos are necessarily bilateral between the sponsoring department and the body in question and the arrangements for consultation between the Quango and its staff are domestic to it. Nor do the various staff associations comprising the National Staff Side represent all the staff in Quangos. For example, a number of Quango staff are represented by ASTMS (which according to recent Press reports are launching a "Save the Quango" campaign). It would therefore be difficult, even if it were desirable, to arrange for co-ordinated consultation with Quangos and representatives of their staff.

3. Sir Ian Bancroft suggests however that it would be premature to embark on large-scale consultation at this stage. It is common knowledge that a review is in progress and any Quango or staff side which wishes to make representations is free to do so. But to launch a consultative process with every single body now would put an enormous burden on sponsoring Ministers (and personally, since no Quango chairman will be content to discuss his continued existence solely at official level), would be bound to lengthen the exercise and would inevitably arouse defensive campaigns on behalf of some Quangos which Ministers will not in the event wish to axe anyway.

Clwi
This affects the
drafting of the proposed
letter for you to
send on quangos.
PM need not
personally consider
these details.

Mike
J. Agnew
AWW
mi
MAD 12/7/79

12 July 1979

Hold until papers emerge. MAD

MANAGEMENT IN CONFIDENCE

While it will presumably be necessary to hold consultations over those bodies which are selected for abolition in due course, Sir Ian suggests that the first step should be to produce a short list of serious candidates by the process recommended in his minute of 3 July and go on to any necessary consultation thereafter.

4. This suggestion, if the Prime Minister agrees with it, has some bearing on the additional questions Sir Derek Rayner has proposed in the attachment to his minute. Sir Ian suspects that some departments could only answer some of them, eg nos 4 and 5, after consulting the Quangos themselves. If therefore the Prime Minister is minded to extend the questionnaire, it would, as Sir Derek suggests, be prudent to put the questions first to 3 or 4 representative sponsoring departments to test whether they could answer them from their own knowledge (this could of course be done fairly quickly at official level). If that confirmed Sir Ian's suspicion, it would then be necessary to choose between a shorter questionnaire and full consultation from the start. Alternatively, the Prime Minister may think that a shorter questionnaire would be a sufficient means of focussing the attention of her colleagues on serious candidates for the short list, which is perhaps the main objective at this stage.

5. A copy of this letter goes to Clive Priestley.

*Yours sincerely,
David.*

DAVID LAUGHRIN
Private Secretary



10 DOWNING STREET

Mr. Whitmore.

12.00 Noon
on Monday 16
July.

E.S.

Please file.

B/F 13-7-79

for Mtg on Monday.

MR WHITMORE

Continued

*Can you please find out
a list for Sir Ian Bancroft
and Sir Derek Rayner to see the
(in person)
cc for information files.*

PS/Sir Ian Bancroft
Sir Derek Rayner
Mr Allen

THE RAYNER PROJECTS etc.

Sir Derek Rayner has taken Sir Ian Bancroft's mind on his personal minutes to the Prime Minister of 3 July. I understand that Sir Ian Bancroft is in broad agreement with them. The way is therefore open for the meeting with the Prime Minister for which Sir Derek Rayner asked. I think that it would be helpful to the Prime Minister if Sir Ian Bancroft was present and also if the meeting was held in the near future.

Cp

C PRIESTLEY
10 July 1979

MANAGEMENT - IN CONFIDENCE

PRIME MINISTER

REVIEW OF QUANGOS

1 I am in broad agreement with Sir Ian Bancroft's minute of 3 July, but I have the following suggestions which bear on the questions to be asked and the conduct of the review.

2 First, the crucial question is whether each Quango adds value to the public good at a price worth paying, given economic crisis and the need for retrenchment. Would the citizen and the economy suffer if the Quango did not exist?

3 Second, there may be cases where we have several Quangos when fewer or only one would do. For example, does the taxpayer benefit from having a British Tourist Authority as well as those for England, Wales and Scotland? Does he need four authorities; three; or just one? It is difficult to catch this point in questioning Ministers separately, but those responsible for the analysis and later for decisions should look out for it.

4 Third, even the Quangos that are needed may do more than is necessary. Active-minded Quangos find things to do, which usually means much work for someone else. Is this always productive of a good for the taxpayer?

5 I believe that these points should be reflected in the analysis. So I suggest in the attachment to this minute a revised set of questions to be put to Ministers.

6 Fourth, I believe that in order to make a convincing public statement at the end of the review, Ministers need not only questions producing a comprehensive analysis, but more important that the analysis should be capable of being published.

7 It follows that, fifth, Ministers may wish to have an eye to the reaction of Quangos and their staff. I suggest that Quangos and the staff side should be informed of the questions which Ministers are asking themselves and have an opportunity to contribute to the review if they wish, provided they do so within the prescribed timescale. The issue is whether the analysis is wholly internal to Government or not.


8 Sixth, decisions are presumably for individual Ministers. But some may not be easy and it will be important that each case and the hard cases are dealt with in a reliable and fair framework. This makes it all the more important for the questions posed now to be searching so as to provide you and your colleagues with a firm information base.

9 As for the draft letter from your office, I suggest that the last sentence of paragraph 5 should read:

"For each body on these lists, the Minister should indicate in his report whether he would intend to retain or abolish it, and in each case why, each case why, and provide brief answers ..."

10 Given the reference to a "comprehensive list" in paragraph 5, I do not think that paragraph 8 should be needed.

11 I am copying this to the Chancellor of the Exchequer, the Lord President, Sir Ian Bancroft and Sir John Hunt.



Derek Rayner
6 July 1979

ATTACHMENT

REVISED QUESTIONS (NB These questions might be tried out on one or two departments before general issue, to make sure that they are clear enough and whether the answers can be readily analysed.)

A QUESTIONS COMMON TO ADMINISTRATIVE TRIBUNALS; ADVISORY COMMITTEES AND COMMISSIONS; AND NON-MINISTERIAL BODIES

1 Does the Minister recommend abolition or retention? *of ~~the~~ retention* What are the reasons for this recommendation?

2 When was the body established? Is it statutory or non-statutory, mandatory or non-mandatory?

3 What was the purpose for which the body was established and does it still exist?

4 What is the current annual cost of its staff and other expenditure?*

5 Which other agencies, including the Minister's department, does the functioning of the body involve in activity and expenditure? What are the broad orders of cost for each, where these are known?

6 What value does the body add to the public good? Is it worth having, wholly, partially or not at all?

B FURTHER QUESTIONS IN RESPECT OF ADMINISTRATIVE TRIBUNALS

7 If wholly or partially, need the function be performed by an independent tribunal?

8 If so, could the tribunal be amalgamated with another in the same field and if so which?

9 If not, are there practical or other objections to incorporating the body in the Minister's department?

C FURTHER QUESTIONS IN RESPECT OF ADVISORY COMMITTEES & COMMISSIONS

70 Is it essential to have formalised arrangements for seeking advice from outside the Minister's department in this field?

* Departmental Ministers will want a full statement of costs,

8 If not, can any need for advice be met satisfactorily through ad hoc requests to appropriate outside authorities or experts?

9 If so, must there be a separate body for this purpose alone? Can it be merged with other advisory committees?

D FURTHER QUESTIONS IN RESPECT OF NON-MINISTERIAL BODIES

7 Could the function reasonably be abandoned or left to the private sector?

8 If the function is essential wholly or partially, must it be undertaken by a separate self-contained body? Could it be merged with some other body and if so which? Or would it be more satisfactory, and if so in what respect, for the task to be undertaken by the Minister's department itself?

showing the composition of staff and other expenditures, but the Prime Minister will need only a summary of staff costs and of other expenditures.

-6 JUL 1979



COLLECTION

III

[Handwritten signature]

With the Compliments
of the
Secretary of State

Scottish Office,
Dover House,
Whitehall,
London, S.W.1 A 2AU



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon David Howell MP
Secretary of State for Energy
Thames House South
Millbank
LONDON
SW1P 4QJ

5 July 1979

REDUCTION OF WASTE AND REVIEW OF QUANGOS

I have seen a copy of your minute of 7 June to the Prime Minister in which you say, inter alia, that the scope of the present activities and the location of the Offshore Supplies organisation fall to be considered in the context of our drive for increased efficiency and the reduction of waste.

While I do of course fully support the need to achieve a more economic and efficient use of resources within Departments, I am bound to put on record my great concern at the serious repercussions which any attempt to move the Offshore Supplies Office (OSO) from Glasgow would have. The establishment of the OSO in Glasgow by our predecessors was very well received in Scotland, not only because of the small but welcome office employment it provided but also because it reflected the growing contribution made by Scottish industry to offshore technology and supplies, as well as Scotland's predominant place in UK offshore activity. In these circumstances relocation, particularly at a time when industry in West Central Scotland is hard pressed on so many fronts, would be a considerable blow to industrial morale, quite apart from the political storm it would arouse. Already too, there is much concern about the implications for the area of the current review of the dispersal programme, and any suggestion that, in addition, the future of the OSO was under consideration would unquestionably be received with great hostility.

I trust therefore that there will be no question of removing the OSO from Glasgow. Clearly I should wish to be kept in touch with any proposals which might have a bearing on its future.

Copies of this letter go to the Prime Minister, the Lord President, Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

GEORGE YOUNGER

- 6 JUL 1979



GEORGE YOUNGER

Cont Machinery

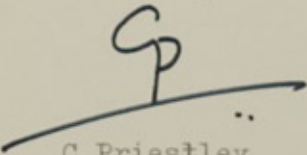
PERSONAL

cc Mr Allen

- 1 Mr LANKESTER
- 2 Mr PATTISON

THE RAYNER PROJECT etc

I minuted to you on 29 June inviting comments on a draft submission from Sir D Rayner to the PM on the above. I am afraid that we could not defer the submission to await your comments; Sir DR sent a personal and confidential submission yesterday. This added up to the same messages as in the draft I sent you, but the minute was re-ordered to deal with the "Rayner projects" first and the little essay on the current initiatives was put into attachment B. We also covered the long submission with a short minute setting out the points on which agreement is sought. The minute ended with a request for a meeting with the PM.


C Priestley
4 July 1979

PERSONAL

cc Mr Allen

Mr C A WHITMORE SM ✓

THE RAYNER PROJECT etc

I am sorry that you were, naturally enough, unable to keep the appointment to see Sir Derek Rayner and me yesterday afternoon for a word about my personal minute to you of 20 June. Sir DR went ahead with a personal and confidential minute to the Prime Minister as she had asked for a report from him at the end of June; he would have preferred to speak to you before sending it in, but either he or I are available to do so should there be an opportunity for this before the meeting with the Prime Minister for which Sir DR asks at the end of his minute.

2. The Prime Minister will shortly be receiving a minute from Sir Ian Bancroft on Quangos, covering a draft minute for the Prime Minister to send to Ministers in charge of Departments. Sir DR comments on the Quangos exercise in his minute of yesterday and will want to advise on Sir Ian Bancroft's submission, so he would be grateful for the opportunity to get his advice in.

3. We both look forward to meeting you soon. In the meantime, good wishes to you in your appointment.

CP
C PRIESTLEY
4 July 1979

PRIME MINISTER

REVIEW OF QUANGOS

In my minute of 18 June about the promotion of efficiency and the elimination of waste in departments, I said that I would be minuting separately about the review of quangos.

2. In their reports to you, most Departmental Ministers have indicated that they have yet to complete the review of the quangos for which they are responsible. The reports so far do not suggest that the Government will be able to announce a large decrease in the number overall. The abolition of the Price Commission, the Royal Commission on Distribution of Income and Wealth and the Health Services Board has already been announced. Apart from these, only a handful of advisory bodies have so far been positively identified as candidates for abolition, together with two comparatively small bodies with executive functions operating in the overseas field. No doubt the further examination on which some Ministers are still engaged will produce some additional candidates; but on the showing so far, not very many.

3. Meanwhile, the expenditure of these bodies is also being examined in the current review of public expenditure and proposals are coming forward in a number of cases for reductions in their budgets. So far, however, the expenditure review has not produced candidates for outright abolition.

4. If, as I am sure you do, you wish the Government to be in a position to announce a significant reduction in the actual number of quangos (and recent newspaper articles will have raised public expectations about this) I suggest that Ministers should be asked to undertake a more searching and systematic review with this specific aim.

5. The nationalised industries and agricultural marketing boards are being dealt with separately. This leaves administrative tribunals and other similar bodies; Committees and Commissions with purely advisory functions; and remaining non-Ministerial public bodies, generally with administrative, executive and regulatory functions. I suggest that Ministers might be invited to provide a comprehensive list of all the bodies in their area of responsibility which fall within each of these categories, indicating in each case whether the body should be abolished and, if not, why it should be retained. To ensure a consistently rigorous analysis, Ministers might be invited to consider some specific questions. These would differ slightly for each of the three categories. In the case of tribunals, the questions would be derived from those already suggested by the Lord Chancellor in his minute of 29 May. In the case of advisory bodies, the essential question is whether Ministers think that existing formal arrangements for seeking outside advice on a regular and systematic basis are superfluous or unnecessarily cumbersome. In the case of bodies with executive functions, the first question is whether the function involved should be carried out at all by a public authority. If it should, the second question is whether the existing body should be abolished (if necessary at the cost of some short-term upheaval) either through a merger with some other body or by taking the function into the Department of the Minister concerned.

6. Outside nationalised industries, those bodies with administrative, executive and regulatory functions include the largest quangos both in expenditure and numbers of staff and it is their growth in recent years which has been the subject of most criticism. There are over 200 bodies in this category (excluding Northern Ireland); Ministers' reports so far suggest that they see little prospect of significantly reducing them; and since they include bodies like the Research Councils, the Atomic Energy Authority and the BBC, it would not be realistic to look for radical change, at least over a short period.

These bodies however constitute the core of the problem, and Ministers might therefore be asked to examine them with special care. I do not think that it would be realistic to set a target for reductions at this stage, but it would help to sharpen the process of review if Ministers were asked specifically to consider how much they could contribute to an overall cut of at least 25% in the numbers of these quangos if that were finally decided upon.

... 7. I attach for your consideration the draft of a letter to departments.

8. I am copying this minute to the Lord President, the Chancellor of the Exchequer, Sir John Hunt and Sir Derek Rayner.

IBB

IAN BANCROFT

3 July 1979

MANAGEMENT-in-CONFIDENCE

DRAFT LETTER FROM PRIVATE SECRETARY (No 10) TO DEPARTMENTS

REVIEW OF QUANGOS

The Prime Minister has now had an opportunity to consider further steps in the review of quangos agreed upon at Cabinet on 10 May. Many of the reports which Ministers have submitted have understandably been ad interim. This letter sets out the further action which the Prime Minister would like her colleagues to take.

2. Ken Stowe's Private Secretary letter of 17 May, identified five categories of quangos:-

- a) nationalised industries and commercial companies in which government has a shareholding;
- b) administrative tribunals and similar judicial bodies, including those under the general supervision of the Council on Tribunals;
- c) Agricultural Marketing Boards;
- d) various committees and commissions with purely advisory functions;
- e) remaining non-ministerial public bodies generally with administrative, executive and regulatory functions.

3. Category (a) is being considered both in the context of disposal in E(DL) Committee and in the wider review of nationalised industries on which the Secretary of State for Industry minuted to the Prime Minister on 26 June. The Prime Minister has noted the minute of 7 June from the Minister for Agriculture, Fisheries and Food about the review of the bodies in category (c).

4. This letter is concerned with bodies in categories (b), (d) and (e).

5. The Prime Minister believes that the Government must aim at securing a large reduction in the number of these bodies and that Ministers must be in a position to defend publicly in convincing terms the continued existence of those bodies which they retain. In order to achieve a consistent and searching scrutiny of these bodies, the Prime Minister would like each Departmental Minister to proceed in the following way. A comprehensive list of all the bodies within the field of each Minister's responsibility should be prepared distinguishing between bodies in categories (b), (d) and (e). For each body on these lists, the Minister should indicate in his final report whether it would be his intention to retain or to abolish it, and provide brief answers to the questions set out in the Annex to this letter.

6. Outside the nationalised industries, the bodies in category (e) include those which are the largest in both expenditure and staff, and it is their growth in recent years that has been the subject of particular criticism. The Prime Minister therefore considers that a special effort should be made to secure a reduction in their number though she fully realises that this will be difficult. She does not want to set a target figure at this stage but would be grateful if each Minister could consider how much he could contribute to an overall cut of at least 25% in the numbers of quangos in this category if that were finally to be decided upon.

7. The Prime Minister is aware that some Ministers have a large number of bodies to review. In order to ensure that the exercise can be carried out in a thorough and comprehensive way, she would be content for final reports to be submitted to her by 31 October.

8. In one or two cases, Ministers have already provided a full account of the bodies with which they are concerned. The Prime Minister would find it helpful to have confirmation that in these cases the list of bodies is a complete one and, where this has not been covered by the earlier reports, comments on each body in the terms requested in this letter.

9. I am copying this letter to Private Secretaries to Cabinet Ministers and to the Minister of Transport and to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

1. For category (b), the questions should be drawn from those listed in the Lord Chancellor's minute to the Prime Minister of 29 May:-

- a) is its function worthwhile?
- b) if so, need the function be performed by an independent tribunal?
- c) if so, could the tribunal be amalgamated with another in the same field?

2. For category (d), the questions should be:-

- a) is it essential to have formalised arrangements for advice in this field from outside the department, or can any need for advice be met satisfactorily through ad hoc requests to appropriate outside authorities or experts?
- b) if formal machinery is required, must there be a separate body for this purpose alone, or is some rationalisation of existing advisory committees possible?

3. For category (e), the questions should be:-

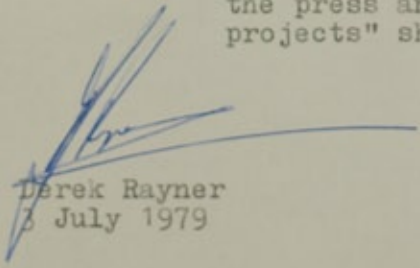
- a) do the original reasons for setting up the body still apply, and does it perform an essential function, or could it be abandoned or left to the private sector?
- b) if the function is essential, must it be undertaken by a separate self-contained body; is there scope for a merger with some other body; or would it be more satisfactory for the task to be undertaken by the Minister's department itself?

PRIME MINISTER

THE RAYNER PROJECT etc

I attach the report you asked for when we last met. You are very busy, I know, so to help you through the minute and at the further meeting for which I ask in paragraph 18, I set out in summary form below the points on which I seek your agreement or to which I draw your attention:

1. To take note of the progress made with the projects in Departments commissioned by your Minute to Ministers of 4 June (paragraphs 2 - 6 below). ✓
2. To take note that I shall let you have my thoughts on the demonstration of the burden of forms etc as soon as I can and a synopsis of the work I propose on management generally in September (paragraph 7). ✓
3. To agree that the various "efficiency and waste exercises" now in hand should be carried to a conclusion in the Autumn; that you should, on basis of them, then launch a "main campaign" to be sustained throughout your Administration; I offer detailed suggestions (paragraph 9).
4. To agree that I should provide a draft note on this to send to your colleagues (paragraph 10).
5. To agree that my staff assist you in devising, launching and sustaining the main campaign and in dealing with related matters (paragraph 11).
6. To agree that the proposed management reviews of ODA and MAFF should proceed (paragraph 12) and to take note of the points I make on the management review programme generally (paragraphs 13 and 14).
7. To agree that I should now make myself available to the press and that a press notice on the "Rayner projects" should be issued (para. 16).


Derek Rayner
3 July 1979

PRIME MINISTER

THE RAYNER PROJECT etc

You asked me to report to you at the end of June on progress with my project. You subsequently sought my advice and help in respect of Circulars to local authorities, Quangos, and waste and efficiency generally and you indicated in your Parliamentary Answer to Mr Adley of 20 June that I am to assist in co-ordinating the various exercises now in hand. I therefore offer you my thoughts on these points in my capacity as your independent adviser. I apologise for the length of this submission, but there is some ground to cover. I wish to be frank and therefore have not consulted anyone in preparing this minute and I am copying it only to Mr Priestley in my office. I begin by bringing you up to date with the "Rayner projects"; I then look at the whole range of exercises now in hand.

Progress with the "Rayner projects"

2. I have had and am grateful for a generally good response from Ministers and their Permanent Secretaries on the examination of specific functions or activities.

3. I have agreed a set of investigatory projects, most of which are now under way. Brief details are given in Attachment A. Three Cabinet Ministers - Mr Prior, Mr Walker and Mr Edwards - will supervise the study themselves. In all other cases but one, a Minister of State or Parliamentary Secretary will do so. As the Lord Chancellor has no junior, I have agreed that his Permanent Secretary should supervise. I propose to let three Ministers off, the Chancellor of the Duchy of Lancaster in respect of the Office of Arts and Libraries, the Attorney General and the Lord Advocate; this is because between them they account for no more than 60 staff.

4. The projects provide a good coverage of different types of activity, offices and working methods. Some of the areas offered to me would have been looked at any way eg in the Lord President's medium-term options exercise, but I do not mind this - the important point is that the studies will seek out deficiencies in the present administrative arrangements and propose improvements.

5. I intend the proposals for change to be radical if necessary and I have briefed the designated officials accordingly. I will keep in close touch with their work and have made it clear that I will see them individually to review progress and to visit with them the place where the work under investigation takes place. I have emphasised to the designated officials that the projects should

not be desk studies and that they should be stringent in their thinking and questioning. Past convention should not restrain them. All the projects should appraise working methods, efficiency in the use of manpower and other resources, and duplication of effort; they should challenge the need for the existing hierarchy and the need for the function itself. Importantly, I have asked officials not to regard themselves as "Waste-Finders General", but to seek the willing help of staff and the staff side. (I myself have had a informal talk with the Secretary General of the National Staff Side and will be seeing the General Secretaries on 6 July.)

6. I aim to report to you on the outcome at about the end of October. I expect that:

- a. each project would produce a benefit for the Departmental Minister; in many cases this should be a saving attainable reasonably quickly;
- b. projects collectively should produce lessons applicable more generally, an input to my other work on the "Whitehall philosophy" and a contribution to your and your colleagues' thinking about the "main campaign" which I recommend below; and
- c. the publication of some project reports as exemplary should demonstrate to the taxpayer that the Government means business and do so by reference to cases that people will readily understand.

7. I have nothing further to report on the other parts of my project, the burden of forms etc and conventions ("the Whitehall philosophy") affecting the management of business and resources; I have had to give most effort to getting the "Rayner projects" going. I shall let you have my thoughts on the "eye-catching" demonstration as soon as possible and a synopsis of the work I propose on "the Whitehall philosophy" in September.

8. May I now turn to the other exercises on which you asked for my advice; to co-ordination on your behalf; to two proposed management reviews; and to the question of publicity?

The need for a sustained campaign on efficiency and waste

9. I have set out in Attachment B my comments on and a list of the initiatives now under way, including the Lord President's medium-term Civil Service options exercise and the Cabinet injunction of 10 May to Ministers to promote efficiency and eliminate waste. My reading of the various papers including the somewhat disappointing

responses by many Ministers to the 10 May injunction is that it is necessary first to carry the current work to a satisfactory conclusion in the Autumn and then to set in hand a sustained and deliberate campaign addressed to particular targets. I recommend that you should:

a. Establish that most of the current exercises noted in Attachment B constitute a first or exploratory stage of action and thinking and that the reports will enable you and your colleagues to see in the Autumn what cannot be seen now, namely, the possibilities open to you under the options exercise and the first outcomes of the "Rayner projects" and of the Circulars and Quangos exercises.

b. Establish the sequence in which exercises should be reported to you and/or the Cabinet, so that action and as necessary publicity can be planned and that an opportunity for considering the scope of the second phase, what might be called the "main campaign", can be written into the plan for the Autumn's work. A rough sketch, which can be worked up in appropriate detail, is this:

- Civil Service medium-term options, to Cabinet, September.
- Synopsis of my "Whitehall philosophy" project, to you, September.
- Report on "Rayner projects" to you, then Cabinet, end October/early November.
- Reports on Circulars and Quangos, to you, then Cabinet, end October/early November.
- Plan for "main campaign", to you, then Cabinet, end October/early November.
- "Main campaign" launched, November/December.
- Reports on "main campaign" targets to you, then Cabinet, at say 6-monthly intervals thereafter.

c. Establish what it is that the reports on Circulars and Quangos should contain. Some thoughts on this are set out in Attachments C and D. Their essence is that specific targets should be set and that the efforts to secure these should be consistent across departments.

d. Establish a firm idea as soon as possible what sort of thing you expect to identify in the Autumn as targets in the "main campaign". I suggest that it should include tests of specific functions to show whether levels of activity are still necessary (do things need to be done at all? is there duplication with other departments or local government?): of ways of

doing things (do we collect the revenue as cheaply as possible? do we procure supplies effectively?); and of running Government - housing it, furnishing it, equipping it and so on. Action to achieve targets would lie partly with departmental Ministers; partly with the central Departments; and partly with a combination of the two. The mixture would need working out with some care to produce a campaign that could be effectively orchestrated from the centre. Given the present load on CSD and other factors, I think that your office should take the lead in drafting the plan for the "main campaign".

e. Establish who is to assist whom in co-ordinating the various exercises noted:

i. I am available to the Lord President and Sir Ian Bancroft if they wish to consult me on the cuts content of the options exercise; although I have enough to do without getting too deeply involved in that, I do think that I should see and have the right to comment on the efficiency and waste content. The main work of co-ordination, however, must be done by CSD.

ii. Similarly, you may wish CSD to go on co-ordinating for you on Circulars and Quangos, but I think that the exercises need stiffening as suggested in Attachments C and D and that your office should be able to look very critically at the responses and at all subsequent reports in the "main campaign". I deal with the second of these points in paragraph 11 below.

10. If it would help, I should be glad to offer you a draft note on a. - e. above for circulation to your colleagues.

Co-ordination

11. While a few of the replies from Ministers to the Cabinet injunction of 10 May on efficiency and waste were encouraging, most were not. To keep up the momentum you wish the campaign to have, and to help deliver the sort of benefits you want for the common wealth, I believe that you need a staff capacity under your own hand. As the Department working for you as Minister for the Civil Service and led at official level by the Head of the Home Civil Service, the CSD should presently give you a substantial capacity of that sort. I shall want to comment on this in my "Whitehall philosophy" project. For the time being, I think you need someone to interpret your wishes and to help you to deal with the responses. May I suggest that you should use my two staff, although they would continue to service the "Rayner project", for this purpose? I believe that this would be an important assistance to you and an important signal to the rest of Whitehall. For this purpose, I think that they should be clearly designated as Downing Street staff.

Management reviews

12. I understand that the Foreign and Commonwealth Secretary and the Minister of Agriculture propose to carry out management reviews of the ODA and MAFF respectively. I hope that this will be agreed. I myself was a member of the steering committee for the MOD and DHSS reviews and can vouch for two substantial advantages of the management review programme. First, there is no doubt that in order to check on the systems and organisation of something of the size and complexity of a Government department, adequate but not too much time for analysis and deliberation is needed. Secondly, the two joint teams of officials who did the spadework were excellent and produced first class papers.

13. More to the immediate purpose, I shall want to say something about management review as an instrument for monitoring and reform in the hands of the Departmental Minister and, because the review is done jointly by the "home" department and the CSD, also in the hands of the Prime Minister as Minister for the Civil Service. It will help me to do so if I can talk to two Ministers with current experience of the process.

14. While management review has great potential, I think that the interests of the Treasury and the CSD in the efficiency of the department's control and planning systems should be effectively recognised from the word go; that these systems should be tested by the review; and that, to promote action on the recommendations put forward, the steering committee should be very small, no more than 4 or 5 people.

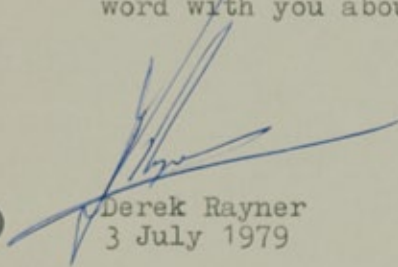
Publicity

15. So far, I have kept my head down, but I think that I must soon say something to the correspondents who have been in touch with me. I have already accepted an invitation to lunch with Mr Lord of the Daily Telegraph on 9 July.

16. If you agree, I should now like to make myself available, by means of talks with some individuals and informal gatherings of others, to talk about the "Rayner project" as a whole and, assuming that you agree with what I say above, the sort of thing that I could contribute to the "main campaign". I should also be glad if a press notice were issued on the "Rayner projects" in Departments commissioned by you and listed in Attachment A. I think that it would be right to do this soon, not least because the outside world will have to be consulted on some projects in the near future. I would liaise with Mr James over this.

17. A word about Mr Chapman. He has made it clear that he does not want to be associated with my project which, together with the Government's whole approach to efficiency and waste, he regards as inadequate. We have parted on (I hope) amicable terms, but I must expect some adverse criticism from that quarter.

18. I should be grateful if with Mr Priestley I might have an early word with you about the matters covered by this minute.



Derek Rayner
3 July 1979

Attachments

- A. List of "Rayner projects".
- B. Some thoughts on the current efficiency and waste initiatives.
- C. Some thoughts on the Circulars exercise.
- D. Some thoughts on the review of Quangos.

Updated 12 July 1979

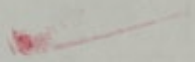
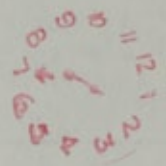
"Rayner projects": brief details

	<u>DEPARTMENT</u>	<u>SUBJECT OF STUDY</u>	<u>MINISTERS</u>	<u>OFFICIALS</u>
1	Home Office	The regulation of radio frequencies.	Lord Belstead Parliamentary Secretary	Mr Douglas Janes
2	Lord Chancellor's Department	Attachment of earnings for repayment of debt.	Sir Wilfrid Bourne Permanent Secretary	Mr C F Tye
3	FCO/ODA	The merger of the FCO and the ODA.	The Hon Douglas Hurd, MP, Minister of State, in con- sultation with Mr Neil Marten, MP, Minister of State	Mr C C W Adams (FCO) Mr M C McCulloch (ODA)
4	HM Treasury	To be notified. Review of the PAYE "Movements" form P45. The organisation of the 5 London Collectors of Customs and Excise. To be notified.	Lord Cockfield, Minister of State in consultation with Mr Peter Rees, QC, MP, Minister of State, and Mr Nigel Lawson, MP, Financial Secretary	Mr F K Jones HM Treasury Mr A Pinder Inland Revenue Mr M F Welling HM Customs & Excise Mr R H Lee Dept. for National Savings
5	Industry	Provision of statistical services.	Viscount Trenchard, Minister of State	Mr R de L Holmes
6	Defence	Procurement of non- warlike stores.	Lord Strathcona and Mount Royal	Mr C S Ponting
7	CSD	Charging for courses provided by the Civil Service College.	Mr Paul Channon, Minister of State	Mr R B Saunders

	<u>DEPARTMENT</u>	<u>SUBJECT OF STUDY</u>	<u>MINISTERS</u>	<u>OFFICIALS</u>
8	Employment	<p>a. Part-time Local Benefit Offices;</p> <p>b. Peaking of work and use of part-time staff in Unemployment Benefit Office.</p> <p>a. Training Allowances;</p> <p>b. The network of Skill-centres and Employment Rehabilitation Centres.</p>	Rt Hon James Prior, MP, Secretary of State	<p>Mr L Lewis <u>DE</u></p> <p>Mr R Phillips <u>MSC</u></p>
9	Agriculture	Capital grants for farmers.	Rt Hon Peter Walker, MP, Minister of Agriculture	Miss K Timms
10	Environment	<p>An aspect of regional planning.</p> <p>Estate management in Kingston-upon-Thames; energy conservation.</p> <p>Maintenance and related work, Bath District Works Office.</p>	Rt Hon Tom King, MP, Minister of State	<p>Mr D Bradley</p> <p>Mr G J B Donaldson</p> <p>To be notified.</p>
11	Scottish Office	The Consultative Committee on the Curriculum.	Earl of Mansfield, Minister of State	Mr J S B Martin
12	Welsh Office	The administration of controls over highway authorities; and controls over the building projects of local education authorities.	Rt Hon Nicholas Edwards, MP	Mr P E Loveluck
13	Northern Ireland Office	<p>a. Recovery of public debt (money owed for rent, rates, electricity etc).</p> <p>b. Review of rate collection system.</p>	Mr Hugh Rossi, MP, Minister of State	<p>Mr W G McKeown</p> <p>Mr P N Bell</p>

	<u>DEPARTMENT</u>	<u>SUBJECT OF STUDY</u>	<u>MINISTERS</u>	<u>OFFICIALS</u>
14	DHSS	Arrangements for paying social security benefits.	Mrs Lynda Chalker, MP, Parliamentary Secretary	Mr N R Warner Mr G E Grimstone Mr A Baker
15	Trade	Services to exporters.	Mr Cecil Parkinson, MP, Minister of State.	Dr J Spencer
16	Energy	Research and development in new energy technologies	Mr Norman Lamont, MP, Parliamentary Secretary	Mr J West
17	Education & Science	The teachers' pensions organisation.	Baroness Young, Minister of State	Mr R W Chattaway
18	Paymaster General	For decision.		
19	Transport	Construction of trunk roads: role of the Road Construction Units	Mr Kenneth Clarke, MP, Parliamentary Secretary	Miss R L Crafts

13 JUL 1949



SOME THOUGHTS ON THE CURRENT EFFICIENCY AND WASTE INITIATIVES

1. This Government showed considerable determination in its approaches to efficiency and waste, but the various initiatives, each important in its own right, do not yet amount to an orderly campaign. My reading of most Ministers' replies to the Cabinet initiatives of 10 May does not encourage me to think that, without the planning implied by the word "campaign", that determination can be well directed or sustained. I think therefore that we should see ourselves as being still in a first, exploratory stage, and plan for the start of the real campaign later this year.

2. The crucial points are these:

a. The Lord President's exercise is the main current assault on the size of Government. It represents a lot of work for Ministers and their departments to prepare their 10, 15 and 20 per cent options; for CSD to pull the responses together for Cabinet during August; and for the Cabinet to deal with the result in September.

b. Subordinate but also potentially important assaults on the size of Government and the scale of its activity are the Circulars and Quangos exercises. The Circulars exercise is specific as to original target (a two-thirds reduction in circulars) but less specific in timing. I should like to reserve fully considered comment on the Quangos exercise, which also appears vague as to timing, until I have seen Sir Ian Bancroft's next submission. I will say simply that my experience strongly suggests that one should think in terms of particular targets eg to reduce numbers by a particular fraction, showing cause for sparing any that it is argued should be rerieved. This is effective where general exhortation is not. This observation applies also to that part of the Lord President's exercise which looks for savings in the efficiency/waste areas.

c. We then have the amorphous area of ongoing administration ("method") and its cost. I suspect that this is difficult for the centre of Government to get hold of because so little is known about it at the centre. Here we have four exercises:

i. That part of the Lord President's exercise which relates to efficiency and waste. I do not expect this to yield much.

ii. The general exhortation by Cabinet on 10 May to Ministers to promote efficiency and eliminate waste. Some replies were good, but most were discouraging.

iii. The "Rayner projects", which are a radical test of the way a sample of departmental activities are now. These will give us pointers for future action as well, I hope, as fairly immediate benefits in the Departments concerned.

iv. The "Rayner" study of the "Whitehall philosophy" of managing business and resources, which will be fed by the Rayner projects and will produce recommendations next Spring.

4. Apart from these exercises, there is the continuing business of staff inspection and O&M in departments, on whose efficiency I shall want to offer you advice as part of the "Whitehall philosophy" report.

LIST OF CURRENT EFFICIENCY AND WASTE INITIATIVES

The size and scope for Government - how much administration, activity should there be?

<u>Subject of study</u>	<u>Remarks</u>
1. The Lord President's exercise on medium-term options for eliminating or restricting functions of government.	<ul style="list-style-type: none"> - Submissions to Lord President by end-July. - CSD co-ordinate during August. - To Cabinet for decisions during September.
2. Reducing Government Circulars by two-thirds.	<ul style="list-style-type: none"> - Further reports to Prime Minister "later in the year" from Sir Ian Bancroft. - "Rayner project" junior Ministers to handle. - I am asked to "take a continuing interest".
3. Review of statutory controls over local government.	<ul style="list-style-type: none"> - I am not involved.
4. Reducing the number of Quangos.	<ul style="list-style-type: none"> - Sir Ian Bancroft is about to minute to Prime Minister. - I am asked to consider the reports so far submitted with a view to offering "some more specific guidance" on how Ministers might not carry this forward. - Further report to Prime Minister by "say 1 October".

Subject of study

Remarks

5. Examining the burden for the citizen and industry of the Government's forms and requests for information.

- Part of the "Rayner project", but I have had to give the "Rayner projects" priority so far.
- "Eye-catching demonstration" probably early Autumn.

Method: is administration too costly, extravagant, inefficient, ineffective?

6. The Lord President's "options" exercise (1 above) involves Ministers offering savings and cutting out waste.

- No central guidance seems to have been offered on the interpretation of this.
- On the basis of Ministers' replies to the Cabinet decision of 10 May, I do not expect much to be offered.
- Returns to CSD should be looked at critically with a view to keeping the door open for future action.

7. The injunction (Cabinet, 10 May) that each Minister should promote efficiency and eliminate waste.

- Ministers' replies are in the main poor.
- I am asked to consider the reports so far received with a view to offering "some more specific guidance".
- Further reports to Prime Minister by "say 1 October".
- My minute and Attachment B suggests that work done by end October/early November should be regarded as exploratory and that I should offer a note for Ministers on the run up to and conduct of a campaign.

Subject of study

Remarks

8. The "Rayner projects" on a particular function or activity in each department.

- Start week beginning 2 July.
- Report to Prime Minister end October; decisions will be needed on publication and follow-up.
- Overlap somewhat with the Lord President's "options" exercise, but are mainly about method and cost of administration.

9. The "Rayner review" of management conventions ("the Whitehall philosophy").

- Synopsis of proposed work to Prime Minister in September.
- Report in April 1980; decisions will be needed on publication.

SOME THOUGHTS ON THE CIRCULARS EXERCISE

CIRCULAR TO LOCAL AUTHORITIES

1. I have seen Sir Ian Bancroft's minute of 6 June and the accompanying report.
2. I agree that there is a close link between reducing the flow of circulars to local authorities and the review of central government controls over them and that it will be desirable to consult the local authority associations when the Government has come to a provisional view on its controls.
3. I therefore think that Sir Ian Bancroft's next report should be designed to help Ministers in deciding what should be said to the local authority associations about the use of circulars and the Government's intention to reduce the flow by two-thirds. I suggest that the report should provide more precise data than in the interim report about the nature, numbers and cost of the circulars issued in the "base" period and analyse their intended effect by reference to their nature and purpose, for example, whether the circular was required under statute or gave or sought gratuitous information, and analyse also the likely effect of dropping two-thirds of them.
4. The report refers in para. 12 to the need to reduce both the number of circulars and the amount of paper they consume. I very much agree that it is no use cutting numbers if as much, possibly more paper is used, but this is not the main point as I see it. This is that central Government should do no more than is really necessary under the duties laid on it by Parliament and that it should do so economically. Needless activity by central Government is not only costly in itself, it makes for needless response and therefore needless expense at the local level. The level of central activity revealed by the report seems in some cases astonishingly high and at first sight I find it hard to believe that

those below can be fully justified by reference to extra benefits reaped by the taxpayer and ratepayer:

Scottish Office	}	500	each - nearly 10 a week each
Northern Ireland Office			
Home Office		280	- 5 a week
Department of Employment		50	to the Careers Service - 1 a week
Ministry of Agriculture		113	- over 2 a week, most duplicating notices in the London Gazette
Department of Health & Social Security		c900	- 17 a week

5. Another message which comes across to me at this early stage is that Government must have an eye not only to the cost of circular activity to itself but also to the question how much local authorities can cope with from the centre, especially if circulars arrive often, some imposing work on top of tasks already imposed. I believe that the Government should not only avoid force feeding, spoon feeding and choking local authorities, but also recognise that excessive bureaucratic activity by the central and the local authority will not produce better services. If the Government cuts out activity which is not necessary to good service, it will ease the burden on itself, local authorities and the electorate and, I suggest, make its working relationship with local government that much more manageable.

6. In seeking out ways of reducing the quantity and content of circulars, the central question should be "What is the value added by this activity?" For example, Ministers might wish to consider critically whether they should be in the business of general information. Of those circulars which contain information regarded as necessary, serious consideration should be given to whether there is an alternative method of communicating the information or advice. In instances where the circulars are issued at the behest of local authorities, I think that Ministers should be particularly critical since those demanding the service are not paying for it.

SOME THOUGHTS ON THE REVIEW OF QUANGOS

1. Pending Sir Ian Bancroft's minute, I have three broad comments, as follows.

2. First, method of review. This should be consistent across departments so that the "case by case" approach is asking the same questions and providing evidence which will enable Ministers collectively to satisfy themselves that the decisions taken are sensible and fair. Perhaps work already in hand in CSD could provide a framework for departmental analysis.

3. Second, how radical should the approach to the review be? There are plainly cases where it would be difficult to abolish, cut back or merge Quangos. DES is perhaps a good example. Its main Quangos are the Research Councils. At first sight, there is little scope, but even here one should not automatically exclude whole classes as Mr Carlisle's minute suggests; for example, one could not get a fair and reliable answer to the popular prejudice that SSRC does not add a similar value to the common wealth as the other Research Councils without careful analysis and comparison.

4. Perhaps an even more obvious case among those so are covered by Ministers' replies is the Trade/Consumer Protection field. Does the taxpayer benefit from having a British Tourist Authority as well as the authorities for England, Wales and Scotland - does he need four authorities, three or just one? Does he benefit from having the separate consumer councils as well as the National Consumer Council? Indeed, in the consumer field, does the Government-funded agency do a job which cannot be left to the market and the Consumers' Association? So I think that there is a fundamental question to be considered: at a time of economic crisis and retrenchment, would the citizen and the economy suffer if the Quango in question did not exist at all, would the effect be neutral, might it even be beneficial?

5. Third, there is the question how even the necessary Quangos operate and how they impact on others. It might be worth doing a few case studies to throw light on this. Active-minded Quangos find

things to do, which usually means a lot of work for someone else: is it always productive of a good? Similarly, there is a good question in Mr Nott's minute - whether it is absolutely essential for officials to attend Quango meetings. (I was told recently of DES's sending eight officials to a meeting of a School Council Committee.) Here again there is the fundamental question: what is the most economical and effective way of doing the essential work of the Quangos?

General

6. I think it very important to keep up the momentum on exercises of this kind. In the Quango case, it may be best to go for a fundamental "once-for-all" review, which would be a very large undertaking if done consistently and fairly. But in the Circular case, I think it would be highly desirable to have 6-monthly reports on a permanent basis. If the pressure is relaxed, I do not doubt the flow of circulars will soon be restored to a flood.

COVERING PERSONAL AND CONFIDENTIAL

R 47

Copy to each

cc Mr Allen

✓ Mr Lankester
Mr Pattison

THE RAYNER PROJECT

I attach a first draft of Sir DR's next minute to the PM, on which I should value your comments. Sir DR has seen and is broadly content, but is working at it more closely over the weekend.

CP

C PRIESTLEY
29 June 1979

DRAFT OF 28 JUNE 1979

PERSONAL AND CONFIDENTIAL

PRIME MINISTER

THE RAYNER REPORT

^{le} You asked ^rmy to report to you at the end of June on progress with my project. You subsequently sought my advice and help in respect of circulars to local authorities, Quangos, and waste and efficiency generally and indicated in your Parliamentary Answer to Mr Adley of 20 June that I am to assist in co-ordinating the various exercises now in hand. I therefore offer you my thoughts on these points in my capacity as your independent adviser. I apologise for the length of this submission, but there is some ground to cover and I wish to be frank. I have not consulted anyone in preparing this minute and I am copying ^{le} it only to Mr Priestly in my office. I begin by looking at the whole range of exercises now in hand.

The need for a sustained campaign on efficiency and waste

2. This Government showed considerable determination in its approaches to efficiency and waste, but the various initiatives, each important in its own right, do not yet amount to an orderly campaign. My reading of most Ministers' replies to the Cabinet initiative of 10 May does not encourage me to think that without the planning implied by the word "campaign" that determination can be well directed or sustained. I think therefore that we

should see ourselves as being still in a first, exploratory stage, and that in completing it we should envisage and plan for the start of the local campaign later this year.

3. In order to help myself get to grips with the various parts of this "first stage", I have made a list of them, which I append as Attachment A. I have distinguished between work on the "what" of administration (the size and scope of Government) and the "how" of administration (organisation, procedures etc).

4. The crucial points are these:

12 a. The Lord President's exercise is the main current assault on the size of Government (the "what" of administration). It represents a lot of work for Ministers and their departments to prepare their 10, 15 and 20 per cent options; for CSD to pull the responses together for Cabinet during August; and for the Cabinet to deal with the result in September.

20
23 b. Subordinate but also potentially important assaults on the size of Government and the scale of its activity are the Circulars and Quangos exercises. The Circulars exercise is specific as to original target (a two-thirds reduction in circulars) but less specific in timing. I should like to reserve fully considered comment on the Quangos exercise, which also appears vague as to timing, until I have seen Sir Ian Bancroft's next submission.

I will say simply that my experience strongly suggests that one should think in terms of particular targets.

This is effective where general exhortation is not.

L Lord President's
This observation applies also to that part of the Ld P's exercise which looks for savings in the efficiency/waste areas.

L suspect
c. We then have the amorphous area of ongoing administration (the "how") and its cost. I suggest that this is difficult for the centre of Government to get hold of because so little is known about it at the centre. Here
L four
we have three exercises:

L Lord President's exercise efficiency and waste.
i. That part of the LP's options exercise which relates to E/W. I do not expect this to yield much.

ii. The general exhortation by Cabinet on 10 May to Ministers to promote efficiency and eliminate waste. Some replies were good, but most were discouraging.

L e L i
iii. The "Rayner studies", which are a radical test of the way a sample of departmental activities are now. These will give us pointers for future action as well, I hope, as fairly immediate benefits in the Departments concerned.

L the
iv. The "Rayner" study of management conventions - of the "philosophy" of managing business and resources, which will be fed by t/o Rayner studies and will produce recommendations next Spring.

Apart from these exercises, there is the continuing business of staff inspection and O&M in departments, on whose efficiency I shall want to offer you advice as part of the "conventions" report.

5. My advice centres around the need to carry the current work to a satisfactory conclusion early in the Autumn and then to set in hand a sustained and deliberate campaign addressed to particular targets. I recommend that you should:

first

a. Establish that most of the current exercises noted in the attachment constitute a first or exploratory stage of action and thinking and that the reports will enable you and your colleagues to see in the Autumn what cannot be seen now, namely the possibilities open to you under the options exercise and the *outcomes* of the Rayner studies and of the Circulars and Quangos exercises.

*L**

b. Establish the sequence in which exercises should be reported to you and/or the Cabinet, so that action and as necessary publicity can be planned and that a *opportunity* for considering the scope of the second phase, the "main campaign", can be written into the plan for the Autumn's work. A rough sketch, which can be worked up in appropriate detail, is this:

- Civil Service options, to Cabinet, September
- Synopsis of my "conventions" project, to you, September
- Report on "Rayner studies" to you, then Cabinet, end October/early November

- Reports on circulars and Quangos, to you, then Cabinet, end October/early November
- Plan for main campaign, to you, then Cabinet, end October/early November
- Main campaign launched, November/December
- Reports on main campaign targets to you, then Cabinet, at say 6-monthly intervals thereafter.

c. Establish what it is that the reports on Circulars and Quangos should contain. Some thoughts on this are set out in Attachment B. Their essence is that specific targets should be set and that the efforts to secure these should be consistent across departments.

d. Establish who is to assist whom in co-ordinating the exercises noted above:

i. I am available to the Lord President and Sir Ian Bancroft if they wish to consult me on the cuts content of the options exercise, but I think that I should see and have the right to comment on the efficiency and waste content. The main work of co-ordination, however, must be done by CSD.

ii. Similarly, you may wish CSD to co-ordinate for you on circulars and Quangos, but I think that the exercises need stiffening as suggested in Attachment B and that your office should be able to look very critically at the responses and at all subsequent reports in the main campaign.

↳ go on Ling

iii. As to drafting the plan for the main campaign, I think that, given the present load on CSD and other factors, your office should take the lead.

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c. Establish a firm idea as soon as possible what sort of thing you expect to identify in the Autumn as targets in the main campaign. We should have tests of specific functions to show whether levels of activity are still necessary (do things need to be done at all? is there duplication with other departments or local government?); ways of doing things (do we collect the revenue as cheaply as possible? do we procure supplies effectively?); and of running Government - housing it, furnishing it, equipping and so on. Action to be achieved targets would lie partly with departmental Ministers; partly with the central Departments; and partly with a combination of the two. The mixture would need working out with some care to produce a campaign that could be effectively orchestrated from the centre.

L dngr

6. If it would help, I should be glad to offer you a note on a - e above for circulation to your colleagues.

7. May I now turn to co-ordination on your behalf; to my progress with the "Rayner studies"; to two proposed management reviews; and to the question of publicity?

Co-ordination

8. While a few of the replies from Ministers to the Cabinet injunction of 10 May on efficiency and waste were encouraging,

most were not. To keep up the momentum you wish the campaign to have and to deliver the sort of benefits you want for the common wealth, I believe that you need a staff capacity under your own hand. As the Department working for you as Minister for the Civil Service and led at official level by the Head of the Home Civil Service, the CSD should presently give you a substantial capacity of that sort. I shall want to comment on this in my "conventions" project. For the time being, I think you need someone to interpret your wishes and to help you to deal with the responses.

9. If you agree, this happily need not require additional staff. I ^{and} a/s my two officials are part of if a little remote from your office. May I suggest that you should use them, ^{LC} although they would continue to servi/e the "Rayner project", as your "management of the Civil Service/efficiency/waste" staff? This would be an important assistance to you and an important signal to the rest of Whitehall. For this purpose, I think they should be clearly designated as Downing Street staff.

Progress with the "Rayner studies"

10. I have had and am grateful for a generally good response from Ministers and their Permanent Secretaries on the examination of specific functions or activities. I myself have seen ^X Ministers. During my absence in Canada, Mr Priestley saw one Minister of State and ⁷ Permanent Secretaries.

11. The result is a set of studies, most of which are now under way. Brief details are given in Attachment C. Three Cabinet Ministers - Mr Prior, Mr Walker and Mr Edwards - will supervise the study themselves. In all other cases but one, a Minister of State or Parliamentary Secretary will do so; as the Lord Chancellor has no junior, I have agreed that his Permanent Secretary should supervise. I have let three Ministers off, the Chancellor of the Duchy of Lancaster in respect of the Office of Arts and Libraries, the Attorney General and the Lord Advocate; this is because between them they account for no more than 60 staff.

12. The studies provide a good coverage of different types of activity, offices and working methods. Some of the areas offered to me would have been looked at any way eg in the options exercise, but I do not mind this - the important point is that the studies will go into the "how" of administration. Equally, one or two areas have, I am sure, long been candidates for study but the Permanent Secretaries have never thought the time right to mount a review.

13. I intend the studies to be radical. Indeed, one Department has told my office that it regards the project as an opportunity to take a much more fundamental look at its subject than is provided by the existing monitoring machinery. I have briefed the designated officials collectively on the Rayner method. But it is also my intention to (a) get out into the field and (b) ~~to~~ make arrangements for officials to see me and my staff individually throughout their projects. I have emphasised to the designated officials that the study should not

be desk studies and that they should be stringent in their thinking and questioning. Past convention should not restrain them. All the studies should appraise working methods, efficiency in the use of manpower and non-manpower resources, duplication of effort, effective use of a need for hierarchy and the need for the function itself. Importantly, I have asked officials not to regard themselves as "Waste-Finders General", but to seek the willing help of staff and the staff side. (I myself have had an informal talk with the Secretary General of the National Staff Side and will be seeing the General Secretaries on 6 July.)

14. I aim to report to you on the outcome at about the end of October. I expect

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- a. Each study would produce a benefit for the Departmental Minister. In many cases this should be a saving attainable reasonably quickly.
- b. studies collectively should produce lessons applicable more generally, an input to my other work on "conventions" and a contribution to your and your colleagues' thinking about the main campaign; and
- c. the publication of some study reports as exemplary should demonstrate to the taxpayer that the Government means business and do so by reference to cases that people will readily understand.

15. I have nothing further to report on the other parts of my project, the burden of forms etc and conventions affecting the management of business and resources; I have had to give most effort to getting the "Rayner studies" going. I shall let you have my thoughts on the "eye-catching" demonstration as soon as possible and a synopsis of the work I propose on "conventions" in September.

Management reviews

16. I understand that the Foreign and Commonwealth Secretary and the Minister of Agriculture propose to carry out management reviews of the ODA and MAFF respectively. I hope that this will be agreed. I myself was a member of the steering committee for the MOD and DHSS reviews and can vouch for two substantial advantages of the management review approach. First, in an organisation of the size and complexity of a Government department there is no doubt that in order to check on its systems and organisation time for analysis and deliberation is needed. Secondly, the two teams of officials who did the spade work were excellent and produced first-class papers.

17. More to the immediate purpose, I shall want to say something about management review as an instrument for monitoring and reform in the hands of the Departmental Minister and, because the review is done jointly by the "home" department and the CSD, also in the hands of the ^{Prime Minister} Minister for the Civil Service. It will help me to do so if I can talk to two Ministers with experience of the process.

18. While management review has great potential, I also think that the interests of the central Departments, the Treasury and the CSD, in the efficiency of the department's control and planning systems should be fully recognised from the word go; that three systems should be tested by the review; and that, to promote action on the recommendations put forward, the steering committee should be very small, no more than 4 or 5 people.

Publicity

19. So far, I have kept my head down, but I think that I must soon say something to the correspondents who have been in touch with me. I have already accepted an invitation to lunch with Mr Lord of the Daily Telegraph on 9 July.

20. If you agree, I should not like to make myself available, by means of talks with some individuals and informal gatherings of others, to talk about the "Rayner project" and, assuming that you agree with what I say above, the sort of thing that I could contribute to the "main campaign". I should liaise with Mr James over this.

21. A word about Mr Chapman. He has made it pretty clear that he does not want to be associated with my project which, together with the Government's whole approach to efficiency and waste, he regards as inadequate. We have parted on (I hope) amicable terms, but I must expect some hostile criticism from that quarter.

22. I should be grateful if [with Mr Priestley] I might have an early word with you about these matters.

Derek Rayner

LIST OF CURRENT EFFICIENCY AND WASTE INITIATIVES"What?" - how much administration, activity should there be?

<u>Subject of study</u>	<u>Remarks</u>
1. The Lord President's exercise on medium-term options for eliminating or restricting functions of government.	<ul style="list-style-type: none"> - Submissions to Lord President by end-July. - CSD co-ordinate during August. - To Cabinet for decisions during September.
2. Reducing Government Circulars by two-thirds.	<ul style="list-style-type: none"> - Further reports to Prime Minister "later in the year" from Sir Ian Bancroft. - "Rayner study" junior Ministers to handle. - I am asked to "take a continuing interest".
3. Review of statutory controls over local government.	<ul style="list-style-type: none"> - I am not involved.
4. Reducing the number of Quangos.	<ul style="list-style-type: none"> - Sir Ian Bancroft/about the minute to Prime Minister. - I am asked to consider the reports so far submitted with a view to offering "some more specific guidance" on how Ministers might not carry this forward. - Further report to Prime Minister by "say 1 October".

Subject of study

Remarks

5. Examining the burden for the citizen and industry of the Government's forms and requests for information.

- Part of the "Rayner project", but I have had to give the "Rayner studies" priority so far.
- "Eye-catching demonstration" probably early Autumn.

"How": is administration too costly, extravagant, inefficient, ineffective?

6. The Lord President's "options" exercise (1 above) involves Ministers offering savings and cutting out waste.

- No central guidance seems to have been offered on the interpretation of this.
- On the basis of Ministers' replies to the Cabinet decision of 10 May, I do not expect much to be offered.
- Returns to CSD should be looked at critically with a view to keeping the door open for future action.

7. The injunction (Cabinet, 10 May) that each Minister should promote efficiency and eliminate waste.

- Ministers' replies are in the main poor.
- I am asked to consider the reports so far received with a view to offering "some more specific guidance".
- Further reports to Prime Minister by "say 1 October".
- My minute suggests, paras. 5 and 6, that work done by end October/early November should be regarded as exploratory and that I should offer an note for Ministers on the run up to and conduct of a campaign.

Subject of study

Remarks

8. The "Rayner studies" of a particular function or activity in each department.

- Start week beginning 2 July.
- Report to Prime Minister end October; decisions will be needed on publication and follow-up.
- Overlap somewhat with the Lord President's "options" exercise, but are mainly about method and cost of administration.

9. The "Rayner review" of management conventions.

- Synopsis of proposed work to Prime Minister in September.
- Report in April 1980; decisions will be needed on publication.

SOME THOUGHTS ON THE CIRCULARS AND QUANGOS EXERCISES

CIRCULAR TO LOCAL AUTHORITIES

1. I have seen Sir Ian Bancroft's minute of 6 June and the accompanying report.
2. I agree that there is a close link between reducing the flow of circulars to local authorities and the review of central government controls over them and that it will be desirable to consult the local authority associations when the Government has come to a provisional view on its controls.
3. I therefore think that Sir Ian Bancroft's next report should be designed to help Ministers in deciding what should be said to the local authority associations about the use of circulars and the Government's intention to reduce the flow by two-thirds. I suggest that the report should provide more precise data than in the interim report about the nature, numbers and cost of the circulars issued in the "base" period and analyse their intended effect by reference to their nature and purpose, for example, whether the circular was required under statute or gave or sought gratuitous information, and analyse also the likely effect of dropping two-thirds of them.
4. The report refers in para. 12 to the need to reduce both the number of circulars and the amount of paper they consume. I very much agree that it is no use cutting numbers if as much, possibly more paper is used, but this is not the main point as I see it. This is that central Government should do no more than is really necessary under the duties laid on it by Parliament and that it should do so economically. Needless activity by central Government is not only costly in itself, it makes for needless response and therefore needless expense at the local level. The level of central activity revealed by the report seems in some cases astonishingly high and at first sight I find it hard to believe that

those below can be fully justified by reference to extra benefits reaped by the taxpayer and ratepayer:

Scottish Office	}	500 each - nearly 10 a week each
Northern Ireland Office		
Home Office	280	- 5 a week
Department of Employment	50	to the Careers Service - 1 a week
Ministry of Agriculture	113	- over 2 a week, most duplicating notices in the London Gazette
Department of Health & Social Security	c900	- 17 a week

5. Another message which comes across to me at this early state is that Government must have an eye not only to the cost of circular activity to itself but also to the questions how much local authorities can cope with from the centre, especially if circulars arrive often, some imposing work on top of tasks already imposed. I believe that the Government should not only avoid force feeding, spoon feeding and choking local authorities, but also recognise that excessive bureaucratic activity by the central and the local authority will not produce better services. If the Government cuts out activity which is not necessary to good service, it will ease the burden on itself, local authorities and the electorate and, I suggest, make its working relationship with local government that much more manageable.

6. In seeking out ways of reducing the quantity and content of circulars, the central question should be "What is the value added by this activity?" For example, Ministers might wish to consider critically whether they should be in the business of general information. Of those circulars which contain information regarded as necessary, serious consideration should be given to whether there is an alternative method of communicating the information or advice. In instances where the circulars are issued at the behest of local authorities, I think that Ministers should be particularly critical since those demanding the service are not paying for it.

REVIEW OF QUANGOS

7. Pending Sir Ian Bancroft's minute, I have these broad comments, as follows.

8. First, method of review. This should be consistent across departments so that the "case by case" approach is asking the same questions and providing evidence which will enable Ministers collectively to satisfy themselves that the decisions taken are sensible and fair. Perhaps work already in hand in CSD could provide a framework for departmental analysis.

9. Second, how radical should the approach to the review be? There are plainly cases where it would be difficult to abolish, cut back or merge Quangos. DES is perhaps a good example. Its main Quangos are the Research Concils. At first sight, there is little scope, but even here one should not automatically exclude whole classes as Mr Carlisle's minute suggests; for example, one could not get a fair and reliable answer to the popular prejudice that SSRC does not add a similar value to the common wealth as the other Research Councils without careful analysis and comparison.

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11. Third, there is the question how even the necessary Quangos operate and how they impact on others. It might be worth doing a few case studies to throw light on this. Active-minded Quangos find

things to do, which usually means a lot of work for someone else: is it always productive of a good? Similarly, there is a good question in Mr Nott's minute - whether it is absolutely essential for officials to attend Quango meetings. (I was told recently of DES's sending eight officials to a meeting of a School Council Committee.) Here again there is the fundamental question: what is the most economical and effective way of doing the essential work of the Quangos?

General

12. I think it very important to keep up the momentum on exercises of this kind. In the Quango case, it may be best for a fundamental "once-for-all" review, which would be a very large undertaking if done consistently and freely. But in the circular case, I think it would be highly desirable to have 6-monthly reports on a permanent basis. If the pressure is relaxed, I do not doubt the flow of circulars will soon be restored to a flood.

CONFIDENTIAL

*Got. Mark T.P.L. to see
M.P. 27/6*



M.P.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

27th June 1979

Dear Clive,

REVIEW OF QUANGOS

I wrote to Ken Stowe on 7th June about nationalised industries and sale of Government shareholdings, in response to Cabinet's request for a review of quangos. I promised a further note about "Treasury quangos". I am sorry that this is rather late, though we were granted a stay of execution on account of Budget preoccupations. But the Chancellor wanted to be satisfied that our review was a comprehensive one, going wider than the basic definition in Ken's letter of 17th May.

The bodies within the Chancellor's responsibility are a very mixed bunch. The continued existence of many is not in question eg. the Chequers Trust and the Crown Estate and I shall not therefore spell these out. Some are purely advisory, costing public funds little or nothing, like the Treasure Trove Reviewing Committee which reviews valuations carried out by the British Museum. The Committee was set up only recently (unlike its Scottish counterpart) and the Chancellor has asked that its usefulness be re-considered even though financial savings would be negligible. The Review Board for Government Contracts, on which two CBI nominees serve, costs more (£45,000 a year), but the Chancellor is satisfied that it performs a useful function in pricing non-competitive Government contracts.

There are two more substantial bodies financed wholly or partly from the Treasury Vote which Treasury Ministers will be considering in greater detail as part of wider reviews. The National Economic Development Office provides the secretariat and specialist support services for the Council and for some 60 Economic Development Committees, Sector Working Parties and other groups. Outright abolition of NEDO would make it very difficult to continue to operate the Council, which the Chancellor is sure should continue, partly for its own



sake and partly because it might provide a convenient base for a wider economic forum if the Government decides to develop one. A 3% reduction in NEDO's staff costs for the current year has already been secured and the Chancellor intends that NEDO's size and effectiveness should be examined further. The first stage is a review of EDCs, SWPs and other working groups which is already in hand.

Second, the Treasury makes an annual grant to the National Institute for Economic and Social Research, which is not a quango and draws funds from a number of sources. The agreement to pay a grant is currently under review and is being considered in the wider context of total effort devoted to economic research.

Finally, I should mention the Commonwealth War Graves Commission, which costs £6.8 million. It is certainly not a candidate for abolition, but there may well be scope for economies. We shall be looking at this in the context of reducing waste and inefficiency.

I am copying this letter to the Private Secretaries to member of the Cabinet, including the Minister of Transport, and to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

Yours ever,

M.A.

M.A. HALL
(Private Secretary)

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27 JUN 1979

NOTE FOR THE FILE

WASTE, EFFICIENCY etc

Sir Derek Rayner, Mr Allen and I had an informal talk with Mr Pattison, the private secretary at No 10 who deals with papers on W&E in the Civil Service, last evening. (Mr Lankester deals with those on local government and the NHS.) The main points which emerged were as follows.

2. The rush of ideas for reducing the size, scope and "excesses" at the outset of the Administration had been somewhat random. Most ideas had not developed the kind of momentum the PM wanted and there was the obvious problem that neither she nor her private office had the time to read the papers and convert the "rush" into something more systematic. It seemed clear from the returns on Quangos, waste and efficiency that while Ministers might have found out how many Qs they were responsible for, they had very different interpretations of the W&E remit. What was required was someone to get hold of all the separate issues and advise on how to pursue them, eg which should be tackled schematically? which need not be? (The PM associated Sir DR rather than CSD with the attack on "excesses".)
3. Against that background, the letters of 12 and 18 June from No 10 should be seen as holding the position and as reminders that further (if indeterminate) action would be needed. The letter of 18 June could also be seen as a collective acknowledgement of Ministers' minutes, most of which were not worth individual replies.
4. The reference to "some more specific guidance" from Sir DR in the letter of 18 June should be interpreted as meaning that more substantive responses were needed from Ministers than so far received but that in order to advise them, a clearer directive on the work to be done was also needed. The main need was to set targets for the various different exercises now in hand and perhaps to eliminate the dividing lines between exercises; it was no good having general exhortations from the centre and then (say) quarterly reports on how little had been achieved.
5. It would be helpful if Sir DR's next submission to the PM brought the various strands together and suggested a more organised programme, making it clear what could be contributed by him and his office and by the CSD. The programme should not aim at conclusion by a single, set date but provide for reports of real results at sensible intervals. Such reports should come into No 10 through an office capable of dealing with them authoritatively.

6. Sir DR said that he could produce a "co-ordinating" paper, but that his main message, because of the way he worked, must be that one must go for specific things. He knew that this was the approach the PM favoured. (The "Rayner departmental studies" would put the probe into departments and enable him to make recommendations on what should be done next. Apart from that he would like to see, say, 6-monthly reports on progress to achieve particular things. The letter of 12 June on Circulars, by contrast, dealt with good intentions, not action.)

7. Mr Pattison said that it would help the PM to receive such help. At the present, she was being offered the "sick lamb" in the Civil Service flock, which she didn't want: she wanted advice on how to push things forward so as to get results.

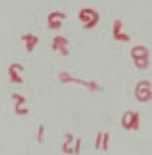
8. I suggested that, in order to get a suitable response to the political urgency of the "campaign" on W&E etc, that is "suitable" in respect of political timing, the timing of the Lord President's exercise and the collective responsibility of the Cabinet, it would be helpful for Cabinet to have a paper at a point after Sir DR's next submission to the PM. Mr Pattison thought this was right: a Cabinet-backed programme could work, if suitably helped by a memorandum from Sir DR and if well-timed, eg during the Recess when agendas were less likely to be crowded. It would be helpful if Sir DR's submission covered this.

9

C PRIESTLEY
26 June 1979

Circulation:

Sir Derek Rayner
Mr Allen
✓ Mr Pattison



27 JUN 1979

PERSONAL

cc for information

Sir Derek Rayner
Mr Allen
Mr Pattison

Mr WHITMORE

THE RAYNER PROJECT AND QUANGOS, WASTE/EFFICIENCY AND CIRCULARS

1. Sir Derek Rayner is away and will not see his copy of your letter of 18 June to Mr Chilcot until the weekend; he contributed to the drafting of Sir Ian Bancroft's minute of the same date to the Prime Minister.
2. The purpose of this minute is to suggest that before Sir DR minutes at the end of June to the PM on progress with his project (cf last paragraph of Mr Stowe's minute to him of 31 May and para. 3 of Sir IB's minute of 18 June), he and I might meet you to go over the various strands (he looks forward in any case to renewing his acquaintance with you) or, if next week is a non-week for you, you and I meet this week.
3. The main point is how best to advise and help the PM on the various things in the offering and whether some or all of these should be pulled together in a programme, under the leadership of either the PM or a senior Minister (eg the Lord President).
4. The different parts of the "efficiency" issue are:
 - a. The Lord President's exercise on medium-term options for cutting the cost of the Civil Service. The potential savings include those attributable to improving efficiency and cutting out waste (cf C(79)12, para. 3a). The returns will be brought together by CSD during the summer.
 - b. The Cabinet decision of 10 May that Ministers should have a personal responsibility for (i) promoting efficiency, (ii) eliminating waste and (iii) reducing quangos - a "campaign" to be assisted by Sir DR's appointment to advise the PM on these matters. The returns are the subject of your letter to Mr Chilcot and Sir IB's minute of 18 June. Sir DR has seen the replies, most of which he thinks very poor. Presumably the PM thinks so too, hence the call in your letter to Mr Chilcot for "specific guidance". My minute to Mr Pattison of 8 June on Quangos is also relevant.
 - c. The Cabinet's decision of 10 May to reduce the issue of Government circulars to local authorities by two-thirds - with Sir IB monitoring progress. Sir IB minuted to the PM on 6 June. My minute to Mr Pattison of 11 June is also relevant. The PM has called for "details of progress later in the year", saying that she would like Sir DR "to take a continuing interest in this exercise" (cf Mr Pattison's letter to Mr Laughrin of 12 June).

d. The Rayner project (cf PM's Minute to Ministers of 4 June) is in three parts: (i) cutting government's forms and requests; (ii) general management of government business and ~~management~~ - to be carried out under the PM's direction; and (iii) examination of specific activities and functions in departments - which overlaps with a. above to a degree.

5. The points I think we should discuss with you are - although you may have additional or different ones:

a. Co-ordinating the various initiatives to an appropriate degree, to form a "programme" or "campaign", to be conducted and reported on an appropriate timescale.

b. The balance of responsibility for this as between the Lord President, Sir IB and Sir DR, who is technically an adviser - an immediate question which arises here is whether the PM wishes Sir DR to offer "specific guidance" to Ministers as they prepare their "efficiency/waste" contributions to the medium-term options exercise.

c. The best working relationship on all this between the staff in No 10 and Sir DR's office here which although located in the Cabinet is also part of the PM's office.

6. With regard to 5a above, you may like to know that Mr Leslie Chapman (Your Disobedient Servant) has withheld his seal of approval from the Rayner Project etc on the grounds that it does not match up to the need! So we can expect some flak from the media in due course

9

C PRIESTLEY
20 June 1979



Gaut. Mach.

10 DOWNING STREET

Sir J. Bannett to PM 18/6/79

PM has already dealt with this prior to arrival of Sir I.B.'s minute. Hold this until further Bannett minute on Puangos, or comments from Sir D.R., as we.

MP

20/VI.



10 DOWNING STREET

From the Private Secretary

SIR KENNETH BERRILL

Review of Quangos

Your minute of 12 June suggested that the Treasury should include SeaLink and Giro in their review of possible disposals after the current financial year. The Prime Minister had already considered the Treasury letter of 7 June and the other departmental letters before your minute arrived, and you will have seen Clive Whitmore's letter of 18 June. I am not putting your minute to the Prime Minister, but I have mentioned the SeaLink and Giro points to the Treasury (Mr. Hall), and they will take it into account.

I am sending a copy of this minute to Martin Vile (Cabinet Office).

20 June 1979

KR

See MAP note of 20/6/39

PRIME MINISTER

PROMOTION OF EFFICIENCY AND REDUCTION OF QUANGOS

In their various minutes to you, Ministers in charge of Departments have submitted progress reports on the action which they are taking to promote efficiency and eliminate waste in their departments. Sir Derek Rayner and I have now been able to consider these reports. I am minuting you after consultation with Sir Derek Rayner in the course of his visit to Canada. I have agreed the terms of this minute with Sir Derek Rayner but it does not of course deprive him of the opportunity to make comments in his independent capacity when he himself minutes to you on his progress at the end of this month.

2. The minutes from Ministers are uneven, but it appears that a range of activity on this front is now under way or planned. Inevitably, some minutes have pointed to the links with the requirement for departments to make a cut of 3% in their staff costs this year and with the examination of options for significant medium term savings which they are to submit to the Lord President by the end of next month in readiness for decisions in September by the Cabinet. This staff costs examination is requiring departments to review the full range of their administrative expenditure and constitutes a major task for them. A number of the minutes from Ministers (for example, the Secretary of State for the Environment) underline this and the extent to which the searches for efficiency and for economy are going hand in hand.

3. There is also a link with the response to your minute of 4 June about Sir Derek Rayner's project. And, as part of this, the nomination of Ministers of State to direct a series of studies within departments. Sir Derek Rayner has already met six Departmental Ministers and their Permanent Secretaries and separately all the Permanent Secretaries at a meeting chaired by me; he will conclude meetings with Ministers and Ministers of State after his return from Canada later this month. The proposals for studies have now largely been firmed up. Where specific proposals have yet to be made, Sir Derek Rayner will want to discuss possibilities with the Ministers concerned, taking account of what is being done in other departments. He will be minuting you himself at the end of this month, as you asked, with a fuller report on these consultations and on the programme of departmental studies emerging from them. The aim is to begin these studies early in July. Sir Derek Rayner is proceeding on the basis that they will take three working months to complete. He therefore intends to submit a report dealing with their outcome at about the end of October.

4. The outcome of all the work mentioned above will show what lines of attack have proved to be the most fruitful and what lessons of substance or of methodology can be drawn out from it for his further work with departments.

5. Some of the suggestions made are for studies of aspects of the way Government manages business and resources (eg the application of the "annuality rule" to voted expenditure. Sir Derek Rayner will want to

take this up in the course of his more general study of the practices and conventions which are barriers to effective management. He is considering the scope of this wider study. He will formulate proposals for it in the light of his current round of discussions with departments (and will also be taking account inter alia of some of the points made in the letter of 11 June from the Secretary of State for Defence to the Lord President). At this time it is difficult to estimate the scope and scale of his study but Sir Derek Rayner's intention is to ensure its completion by April 1980. With this in mind, he will submit a synopsis of the work to you in September.

6. To sum up, therefore, (1) the various threads of the medium-term "options" exercise, (2) the Departmental "Rayner Studies" and (3) the launching of the wider study of "practices and conventions" can be brought together at about mid-Autumn. This means that Ministers can then consider what has been achieved and what further work needs to be done.

7. Ministers have also reported on the scope for a reduction in the quangos for which they carry responsibility. I will be minuting you separately about this shortly. While Sir Derek Rayner will be kept in touch with this work, he intends to concentrate his own efforts on the targets which I have already described.

8. I am copying this minute to the Lord President, Sir John Hunt and Sir Derek Rayner.

IB

IAN BANCROFT
18 June 1979

CIVIL SERVICE DEPARTMENT
WHITEHALL LONDON SW1A 2AZ

Telephone 01 273 5400

Sir Ian Bancroft G.C.B.
Head of the Home Civil Service

Mike Pattison Esq
10 Downing Street
London SW1

18 June 1979

Dear Mike,

Thank you for your letter of 6 June, with which you enclosed a copy of Sir Ernest Woodroffe's recent letter to the Prime Minister about his impending departure as Chairman of the Review Body on Doctors' and Dentists' Remuneration. We are content with Rupert Woollcombe-Adams' draft reply to Sir Ernest (the former's letter of 15 June).

In your letter you raised the future of the Review Body in the light of the current exercise on Quangos. Its future role - and that of the other Review Bodies - will have to be examined in the course of the Government's review of pay comparability in the public sector. However, it must be doubtful whether the absorption of DDRB into a more wide-ranging body, such as the Standing Commission, would be acceptable to the BMA or the BDA. Such a proposal could well result in a reversion to the old system whereby the professions negotiated their pay directly with the Government. This proved unsatisfactory. The straight abolition of the Review Body would have the same outcome.

In the context of the Quango exercise the net cost of DDRB is small. The Chairman and members serve unpaid, and the Secretariat is provided by the Office of Manpower Economics (OME) which provides the same service for TSRB and AFPRB. In view of the Government's pledge to keep Armed Forces pay up to date, both the AFPRB and the OME are presumably unlikely to be abolished. Furthermore both DDRB and TSRB are currently in the middle of the process of bringing the pay of their client groups fully up to date by April 1980. While the Government is not committed to this, now would be a most inopportune time to abolish or substantially reform the Review Bodies. It therefore seems sensible for DHSS to press ahead with their plans for the replacement of Sir Ernest and some of the other members of DDRB.

I am sending copies of this letter to Rupert Woollcombe-Adams and Don Brereton (DHSS) and Murdo MacLean (Chief Whip's Office).

Yours sincerely,
David.

DAVID LAUGHRIN
Private Secretary

Original in APPOINTMENTS IN CONFIDENCE
Appointments Section.



Govt made

10 DOWNING STREET

MR. WHITMORE

The Prime Minister has agreed that the quangos/waste/efficiency exercise should effectively be put into Derek Rayner's hands - see my minute below.

A letter to Cabinet Ministers' Private Offices is now required setting this out. It might be appropriate for this to go over your signature - draft below.

MAP

18 June 1979



10 DOWNING STREET

From the Principal Private Secretary

18 June 1979

Dear John,

The Prime Minister has seen your letter of 6 June to Ken Stowe, containing the Home Secretary's progress report on the review of quangos, and on measures to eliminate waste and promote efficiency. She has also now had an opportunity to go through the similar reports provided by all Cabinet colleagues.

She has noted that most Ministers have so far only been able to make a preliminary assessment of areas to be tackled within their Departments in this exercise. She would like all Cabinet Ministers to continue to take a close personal interest in progress, and she would like to receive a further report later in the year.

The Prime Minister has also noted that there are some variations in the approach adopted. The Home Secretary and a number of other Ministers have already discussed these matters with Sir Derek Rayner, and she would like Sir Derek to consider all the reports so far submitted, with a view to preparing some more specific guidance as to how Ministers might now carry forward this work. This will enable Ministers to submit a further progress report to her, with the assistance of Sir Derek, by say 1 October next.

I am sending copies of this letter to the Private Secretaries to members of the Cabinet, including the Minister of Transport, and to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

Yours sincerely,

Miss Whitmore.

John Chilcot, Esq.,
Home Office.

5

WCB.
BF 1/10/79

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TRANSPORT

TSY

*Jan Bauhoff
Sir John Hunt
Sir Derek Rayner.*



MAP

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-~~83034111~~ 233 8224

18 June 1979

M Bleach Esq
Private Secretary to the Baroness Young
Department of Education & Science
Elizabeth House
York Road
London SE1

Dear Bleach,

THE RAYNER PROJECT

Thank you for your letter of 14 June, giving the names of your Minister of State and Richard Chattaway in connection with the above.

I am also grateful for your suggestion that a good candidate for study would be Teachers' Pensions. It would be helpful if you could tell me a little more, possibly on the phone, about which aspect of this activity you would regard as suitable for examination in the sort of period Sir Derek Rayner has in mind, which is 3 working months.

I discussed your Secretary of State's minute of 6 June to the Prime Minister, together with other Ministers' minutes, with Sir Derek Rayner in Toronto on Friday. He noted that Mr Carlisle and Lady Young would like an early meeting to discuss the scope in your Department for greater efficiency. Sir Derek would welcome such a meeting and we shall try to arrange it for as soon after his return to London (on 25 June) as possible. Sir Derek also indicated that he would be very interested in exploring the possibility of a project in the area of your Secretary of State's responsibility for the inspection of educational establishments. Two of the letters he has received from the general public, one of them signed by the heads of two comprehensive schools, have queried the utility to schools and further educational establishments of some inspection activity as at present practised, on the broad ground that it takes from schools and colleges rather more than it gives. Inspection is one of the areas in which Sir Derek is interested (cf paras. 6b and Annex para. 6c of his note for Permanent Secretaries of 4 June). He would accordingly be grateful if this suggestion could be considered and if he could discuss it with Ministers when he visits DES. In the meantime, I should be grateful if you would let me have

a copy of the recent report of the Management Review so that he can read the references in it to the Inspectorate.

In conclusion, perhaps I might re-emphasise the point that whatever topic is chosen, it must be one capable of being tackled effectively within a period of 3 working months. Sir Derek has characterised the studies as operating on a "narrow front".

Copies go to your copy addressees.

Yours sincerely,

C. Priestley

C PRIESTLEY

19 JUN 1979



Original filed Nat. Health May '77
(Private Medicine)

HOME MINISTER

2.



DEPARTMENT OF HEALTH & SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522
From the Secretary of State for Social Services

You asked what Mr Jenkin intended to do about the Health Services Board. You will see that he has abolition in hand.

MPD
18/vi.

15 June 1979

Tim Lankester Esq
Private Secretary
10 Downing Street
LONDON
SW1

Dear Tim,

I promised to let you know, in the context of the review of "Quangos", the position in relation to the Health Services Board. I attach a copy of a letter which my Secretary of State has sent today to the Home Secretary, setting out the arrangement proposed for consulting on the legislation to be introduced on private medical practice in hospitals. You will see from paragraph 2 of the proposed consultation letter that part of the proposals is to abolish the Health Services Board, leaving local management to determine the limit to which NHS facilities can be made available to other than NHS patients. We envisage that legislation will be introduced as soon as possible after the Summer Recess.

Coal

Yours sincerely

amb

D Brereton
Private Secretary

ENC.



✓
MAD

With the Private Secretary's Compliments

DEPARTMENT OF EDUCATION AND SCIENCE

Elizabeth House
York Road
London SE1 7PH

Telephone 01-928 9222



*Govt
Mach*

DEPARTMENT OF EDUCATION AND SCIENCE
ELIZABETH HOUSE, YORK ROAD, LONDON, SE1 7PH
TELEPHONE 01-928 9222
FROM THE MINISTER OF STATE

C Priestly Esq
Cabinet Office
Whitehall
LONDON SW1

14 June 1979

Dear Mr Priestly,

In reference to the Prime Minister's minute of 4 June to Ministers in charge of Departments, I am writing to nominate Lady Young and Mr R W Chattaway (a Principal in Establishments and Organisation Branch, extension number 3209) as our designated Minister of State and official for your project.

As to the functions and activities which might be examined in our field, our preliminary thinking suggests that the most promising candidate would be teachers' pensions, which is by far our largest discrete operational activity, and so is particularly suitable for examination by "business efficiency" standards. Public sector pensions schemes operate in a variety of ways, and there may well be scope for improvements and economies in our operations, and indeed those of other departments in this area. Other possibilities are staff reporting and job appraisal reviews and handling enquiries from the public, but these seem to us to be much less appropriate to the Rayner exercise than teachers' pensions.

I am copying this to the Private Secretaries to the Prime Minister, Sir Ian Bancroft and Sir John Hunt.

*Yours sincerely
M Bleach*

M BLEACH
Private Secretary

14 JUN 1979





10 DOWNING STREET

Tjmi

CF

sep folder

Mr Ms

Tr

12.6

19/6

Sir KB's minute relates to a Treasury letter on 'quangos'. The original is in a folder which the PM has not yet tackled: but she is not likely to go through all these in detail, so you might want to take up KB's point separately. Copy of Tsy letter attached.

MFD
13/6



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

7th June, 1979

Dear Ken,

REVIEW OF QUANGOS

Your letter of 17th May referred to the Cabinet's decision that Ministers should submit reports on the "quangos" for which they are responsible by 7th June. This letter deals with nationalised industries (category (a) in your letter), apart from BNOC (which the Department of Energy will cover in their reply) in view of the Chancellor's responsibility for policy on nationalised industries. It also covers BP and certain of the commercial companies in which Government has a shareholding. Other bodies in this latter category will be dealt with in sponsoring Ministers' replies. I shall be writing to you separately about "Treasury Quangos" such as NEDC.

A reduction of nationalised industries and other quangos, as defined in your letter, will of course be achieved by the decision the Government has already taken in the context of the Budget to raise revenue from disposals in the current year. This will involve, among other things, a reduction in the Government's shareholding in BP and in the NEB's shareholding in manufacturing industry.

Further reductions of the public sector will be achieved by disposals in the longer term. Ministers will be discussing Sir Keith Joseph's paper on nationalised industry policy including general policy questions on disposals on 21st June and the Cabinet has commissioned a review of the options for disposals after the current financial year of shares in nationalised industries and other public corporations or of their assets including land. This will cover Government holdings of BP shares and shares in the Suez Finance Company in addition to the bodies mentioned in the Annex to this letter. The Annex, which has been supplied by sponsor departments, contains their comments on the state of the work they have in hand.

/I am

K. Stowe, Esq., CB
10, Downing Street

CONFIDENTIAL



I am copying this letter to the Private Secretaries of
Cabinet Ministers, the Minister of Transport, Sir Ian Bancroft,
Sir John Hunt and Sir Derek Rayner.

Yours ever,

Mark.

(M.A. HALL)
Private Secretary

CONFIDENTIAL

DEPARTMENT OF INDUSTRY

Post Office

Ministers are reviewing the case for the Carter Committee's proposal that the Corporation be split into its two main businesses, Posts and Telecommunications, and the aim is to make an announcement on the future structure of the Corporation before the Summer Recess. If Ministers decide to split the Post Office, it may be possible to publish a Bill early in 1980. The possibility of modifying or abolishing the Post Office's monopoly on the supply of attachments to its telecommunications network is also being explored.

British Shipbuilders

Consideration is being given to the ways in which the Manifesto commitment can be implemented. Given the poor prospects for merchant shipbuilding, however, the options are limited. Consideration is therefore focused on the three profitable specialist warship builders and on one or two small companies.

British Aerospace

A wide range of possible courses is being considered to carry out the Manifesto promise to offer the industry for sale to the private sector. The front runner at present is the so-called "BP solution". The legislative timetable proposed by the Lord President envisages policy decisions by the Summer Recess and the introduction of legislation by November 1979.

British Steel Corporation

The Corporation has been asked to consider the scope for early disposal of non-mainline assets and other interests, but there are as yet no firm plans for particular sales. However, it has been provisionally estimated that up to £30m might be raised by this means in the current financial year.

able & Wireless Limited

The main action being considered is the sale of 49% of the shares in the company to the private sector. We hope to reach a decision in principle before the Summer Recess, depending in part on the outcome of consultation with overseas governments.

NEB

No specific decisions have yet been taken on the disposal of subsidiaries, but there is a general commitment to disposals to a value of £100m in 1979/80.

DEPARTMENT OF ENERGY

National Coal Board and subsidiaries

British Gas Corporation and subsidiaries

Electricity Supply Industry (England and Wales)

All these industries will be considered in the longer term disposals exercise (1980/81 onwards) and in the Nationalised Industry Policy Review. It is too early to judge the timescale of decisions.

DEPARTMENT OF TRADE

British Airways Board

There are three main options to reduce public ownership in respect of the BAB:

- a) the sale of shares to the public in BAB as it now exists;
- b) sales to the public of shareholdings in BAB's subsidiaries;
- c) sale to the public of BAB's trade investments (ie minority shareholdings in hotel companies, other airlines, catering companies etc.)

These options are not necessarily exclusive but need to be considered together in order that action on one does not prejudice the others. Option (a) would be a major exercise and would take time to prepare. The precise timing of any offer of shares could also be crucial to success. It seems likely to be nearer the end of this year before firm proposals emerge for decision.

British Airports Authority (which owns and manages 7 major airports in England and Scotland which between them handle about 75% of passengers and 85% of air cargo in the United Kingdom).

Breaking up the BAA into smaller units does not seem feasible because the London airports must be operated as a single system in order to ease the congestion at Heathrow by inducing traffic to go Gatwick and Stanstead. Similarly the Scottish airports have been the subject of substantial investment to support North Sea oil and tourism and they are making losses. The Authority is making good progress towards profitability in Scotland but meanwhile subsidies from the London airports are unavoidable.

The Authority's investment proposals for 1980/81 involve borrowing from the National Loans Fund in order to fulfill its capital investment plans without a heavy increase in landing fees. One option being discussed with the Treasury is to require the Authority to raise these fees. If the Budget increases the high-street cost of dutiable goods there may also be scope for increased duty-free revenue. The option of issuing shares in the Authority to the public is another possibility.

DEPARTMENT OF TRANSPORT

British Railways Board

British Transport Docks Board (which is responsible for operating Southampton, the Humber and South Wales ports and several smaller ports).

National Freight Corporation

National Bus Company (which through wholly owned subsidiaries, provides stage carriage and coach services in most parts of the country other than London and the conurbations).

- a. Work is in hand to implement the Manifesto commitment on the NFC, which will include amending legislation.

b. The BRB and the NEC exist to provide services which will continue to be required and are dependent on subsidy. It is not considered practicable to make significant changes in their organisations or relationship with the Government. (There may be some possibilities of selling assets held by subsidiaries of BRB or of introducing private capital into them which will be looked at as lines of policy emerge).

c. The question of making any changes in the organisation of the BTDB has not yet been considered, but the Department's preliminary view is that any attempt to dispose of all or part of BTDB from public ownership would create serious danger of industrial unrest in the ports generally, and that this danger would outweigh any benefits from introducing a private sector stake into the business.

DEPARTMENT OF THE ENVIRONMENT

British Waterways Board (whose function is to maintain manage and provide facilities on certain inland waterways).

The function of the Board is essential. Most of its activities are insufficiently remunerative to be transferred other than to some other public sector body. While DOE Ministers will want to review the organisational and financial arrangements for the waterways, some form of public authority is for the foreseeable future likely to be required to shoulder responsibility for them. Meanwhile retention of the Board with its present activities is necessary.

SCOTTISH OFFICE

South of Scotland Electricity Board

North of Scotland Hydro-Electric Board

Scottish Transport Group

For the electricity boards and the Scottish Transport Group the Scottish office will be consulting with Department of Energy and the Department of Transport respectively in the light of Ministers' review of general nationalised industry policy.



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PRIME MINISTER

REDUCTION OF WASTE AND PROMOTION OF EFFICIENCY

We were asked at Cabinet on 10th May to send you progress reports on steps being taken to reduce waste and promote efficiency.

2. I am responsible for four Departments, viz:

The Treasury
The Customs and Excise
The Inland Revenue
The Department of National Savings

.....
3. Brief reports are attached for each Department.

A handwritten signature in dark ink, appearing to be 'G.H.' with a stylized flourish.

(G.H.)

13 June, 1979



THE TREASURY

1. Economies have already been made and plans for others are well in hand.
2. The 3 per cent exercise has been made to yield savings in excess of that target, including:
 - the abolition of a division dealing with devolution finance; ✓
 - the abolition from July of the unit dealing with dividend control; ✓
 - substantial reductions in the staff dealing with pay policy; and ✓
 - the suspension of a number of posts throughout the Department which can be done without for the time being. ✓
3. The recruitment ban has been fully implemented except for 3 typists, whose recruitment was authorised in the interests of general efficiency.
4. The Permanent Secretary has instituted:
 - a thorough review of all the Department's functions, to be completed within the month, to provide the basis for both the Rayner project and the longer term action to reduce the size of the Civil Service; and
 - a special review of the economic forecasting machinery, to be completed within the same time limit.

As part of the first of these reviews, the 20 Under Secretaries in charge of the Department's operational groups have been asked to examine their units' functions and report on potential economies by 20th June. The review will also cover record keeping functions and the use of consumable materials.

5. A thorough review of all the Treasury's quangos is in hand, under the leadership of the Financial Secretary. In particular, economies will be sought from NEDO.

CUSTOMS AND EXCISE

1. The 3 per cent cut Action was initiated as early as 4th May. This included an immediate freeze on recruitment and a block on the filling of vacancies by internal promotion or transfer. Any exceptions are considered individually and critically.

The 3 per cent cut in the pay element of the cash limit means a reduction of up to 1,500 staff in 1979/80, i.e. over 5 per cent of the total of about 28,700. The precise measures to be taken are being worked out urgently, and will include relaxation of revenue and non-revenue controls and curtailment or withdrawal of arrangements to facilitate commerce.

- Further action on
2. Elimination of unnecessary activities or waste. Various aspects of internal organisation and administration and agency functions are being reviewed, including the following:
 - a. A review of the scope for savings available from rationalisation or changes in organisation (including accommodation and office services) in the five "Collections" (regional commands) in central London.
 - b. A review of several HQ Directorates, with the aim of saving some senior posts and reducing the number of participants in HQ decision-making.
 - c. Economies to be made in the Department's internal inspection and accounting arrangements.
 - d. Possible contracting out of a number of support activities, ranging from certain computer operations (both large and small) to the scrapping of use of Customs-operated launches for boarding vessels arriving from abroad, in favour of a system of hiring.
 - e. All statistical activities, especially those associated with the overseas trade statistics, are to be functionally costed and reappraised.
 - f. Other agency functions may repay review, e.g. registry of British shipping; collection of port and light dues.

The first of the above projects (review of London Collections) is the favoured option for the Rayner exercise, and preparatory work is in hand.

3. The Customs and Excise Department are not responsible for any quangos: but a joint review with the Inland Revenue is in hand to see whether there would be advantage in amalgamating the Special Commissioners and the VAT Tribunals.

INLAND REVENUE

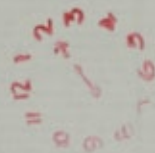
1. A ban on recruitment was applied from 18th May. It will last at least three months. Only minimal exceptions authorised by Ministers are being allowed.
2. A combination of the recruitment ban and other measures will save the required 3 per cent on manpower expenditure this year. The other measures include (i) tightening staff complements in all offices, (ii) a cutback on casuals and overtime, (iii) postponing ~~annual~~ rewriting of "concards" (the basic PAYE record card) for one year, and (iv) administrative economies (e.g. the use of the telephone).
3. Beyond the required 3 per cent saving, the Inland Revenue are actively considering whether there are further economies to be made by tackling (i) over elaborate or over cautious administrative procedures, e.g. the job movement paperchase, (ii) over meticulous financial and accounting procedures, and (iii) overstocking of working material, e.g. stationery. Suggestions for economies by the Staff Side, e.g. on staff training, are being urgently studied.
4. The topic for investigation by Sir Derek Rayner will be selected very shortly. The job movement paperchase (3(i) above) may be a good choice.

5. Prior to the Election a major exercise had been initiated to improve (i) the assessment of staffing needs, (ii) the allocation of staffing resources and (iii) the measurement of performance and productivity. This should make an important contribution to the present search for further economies and greater efficiency.
6. The Inland Revenue have no Quangos but are reviewing with Customs and Excise whether there would be advantage in amalgamating the Special Commissioners and VAT Tribunals.

DEPARTMENT OF NATIONAL SAVINGS

1. DNS has frozen recruitment in compliance with the Government's policy.
2. DNS has adjusted its 1979/80 Cash Limit so as to effect the 3 per cent saving in the staff cost element.
3. DNS has reduced its staff from over 15,000 in 1971 to about 10,600 today through mechanisation, dispersal and economic management, despite the addition of 2 index-linked savings services in 1975 and general growth of business.
4. The Financial Secretary is conducting a survey, in which both Treasury and DNS are involved, which will provide the basis on which decisions can be taken regarding the services which should be discontinued. This survey will also identify the areas for detailed study under the Rayner project.
5. There are no Quangos in the DNS field. (The Civil Service support staff of the National Savings Committee for England and Wales and for Scotland were withdrawn in 1977/78; and as a result the National Savings Voluntary Movement disbanded early in 1978.)

14 JUN 1979





SJN

10 DOWNING STREET

From the Private Secretary

12 June 1979

Dear Ian,

The Prime Minister has considered the Lord Chancellor's minute of 29 May about the treatment of administrative tribunals in the review of quangos. On the basis of his further advice, she has concluded that these tribunals should not be the subject of a separate review. She would, however, wish Ministers to take account of the points made in the Lord Chancellor's minute of 29 May in examining quangos within their responsibility, and to include their conclusions in respect of administrative tribunals within their general reports.

I am sending copies of this letter to the Private Secretaries to members of the Cabinet, including the Minister for Transport, to David Laughrin (Civil Service Department), Martin Vile (Cabinet Office) and to Clive Priestley (Sir Derek Rayner's Office).

Yours ever

Mike Pitts

Ian Maxwell, Esq.,
Lord Chancellor's Department.

EW

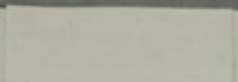


PRIME MINISTER

1. This minute discharges the Cabinet remit of 10 May about measures to eliminate waste and the possible reduction of Quangos.
2. The Civil Servants for whom I am responsible - mainly the staff of the Victoria and Albert Museum and the Science Museum - are subject to periodical staff inspection. I will ensure that this check on manpower continues to maintain a regime of tight staffing. I am also asking the Directors of these museums to give their personal attention to good-housekeeping and efficiency in the running of their museums and to put their personal authority behind all necessary measures to secure these aims. I shall be keeping in touch personally with the progress made.
3. I have also considered the position of the fringe bodies for which I am responsible. The "arms length" principle, viz that the arts should receive Central Government support through intermediate bodies which can exercise independent judgement has been a fundamental element in the arts policy of successive Administrations. The specialised responsibilities, history and traditions of most of these bodies would make it hard to justify ending their independent existence. I will give special attention to their effectiveness so as to ensure that we get full value for the money which we give them.
4. I am also looking at two cases: the British Institute of Recorded Sound and the National Film School to see if it is feasible to merge them with more strongly based bodies such as the British Library and the British Film Institute.

NSPJ-S

N St. J-S
12 June 1979



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The above information was obtained from a confidential source who has provided reliable information in the past.

The above information was obtained from a confidential source who has provided reliable information in the past. The source has provided information on a regular basis and has been found to be reliable.

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12 JUN 1979

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SECRET

CONFIDENTIAL

Qa 04149

To: MR STOWE
From: SIR KENNETH BERRILL

Review of Quangos

1. I have seen a copy of Mr Hall's letter of 7 June to you on this subject, to which is attached a list of nationalised industries which in certain cases might be reduced in size or sold off completely.
2. There are two omissions of possible disposals from this list which I have noted:
 - (a) SeaLink. In 1978 the profits of British Rail's shipping operations amounted to some £9m. on gross sales of £142m. In respect of the Channel services there are pooling arrangements with French and Belgian nationalised industries. But, given the political will, this should not prove an insoluble problem.
 - (b) The Giro. Mr Singer, the former Managing Director of the Giro, has suggested to us informally that it might be possible to sell off the Giro, perhaps to the Clearing Banks, as the Giro's money-transmission system is basically simpler than that of the Clearing Banks and involves many fewer operations. The Giro's current profits are about £5m. per annum. The CPRS has not yet had an opportunity to look into this proposal. However, if the Prime Minister agrees, you might wish to ask the Secretary of State for Industry to look into it. Alternatively, if the Prime Minister preferred, the CPRS might look at the proposal and let the Prime Minister have a note on Mr Singer's scheme.

CONFIDENTIAL

3. If the Prime Minister agrees, you might like to include a sentence along the following lines in your response to Mr Hall's letter -

"With reference to the review of options for disposals after the current financial year, the Prime Minister wishes that the possible disposal of SeaLink and the Giro should be considered."

4. I am sending a copy of this minute to Sir John Hunt.

12 June 1979



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College of
London

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Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 6106 (Linell Union)



WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 6106 (Direct Line)

Oddi wrth Ysgrifennydd Gwladol Cymru

From The Secretary of State for Wales

//June 1979

Dear Mr. Stowe,

REVIEW OF QUANGOS

I regret that, in error, three nominated bodies were omitted from the list enclosed with my letter dated (7) June.

... A revised list is enclosed, with apologies.

Yours sincerely,
R. J. T. Williams

R J T WILLIAMS
Private Secretary

K Stowe Esq
10 Downing Street
LONDON SW1

FROM THE PRIVATE SECRETARY



PRIME MINISTER

HOUSE OF LORDS,
SW1A 0PW

*You asked whether Lord H
thought a full-scale exercise
on tribunals was needed - his
suggestion at Flag A.*

8 June 1979

Dear Ken,

*Agree that Ministers should
now handle as at x? M.A.P. 4/6/79*

- Yes and

Thank you for your letter of 4 June asking for the Lord Chancellor's further advice about the treatment of administrative tribunals in the review of quangos.

The Lord Chancellor does consider that it would be useful for Ministers to apply the questions which he suggested in his minute to the tribunals for which they are individually responsible. But he doubts if there is any sufficient advantage to be gained by a centrally co-ordinated review, either as part of the review of quangos or as a separate exercise. Ministers have already agreed to review all the functions and expenditure for their Departments, and they are bound to consider their tribunals in the course of those reviews. The Lord Chancellor therefore considers that it would suffice if Ministers were invited, when doing so, to bear in mind the points made in his minute, and it might be prudent to embody their conclusions in a short note to be included in their general report.

I am sending copies of this letter to the recipients of yours.

*Yours sincerely
I H Maxwell*

I H MAXWELL

K R Stowe Esq CB
Private Secretary to the
Prime Minister
10 Downing Street
London S W 1



11 JUN 1948

11 JUN 1948

Faint, mostly illegible typed text, possibly a letter or official communication.

Faint, mostly illegible handwritten text at the bottom of the page.

PRIME MINISTER

Wentwell 10/20 - I should like to please at. each report.

At Cabinet on 10 May, you re-emphasised to Ministers in charge of Departments that you were making it their personal responsibility to pursue the promotion of efficiency and the elimination of waste in their Departments and to reduce the "quangos" for which they are responsible. You said this campaign would be assisted by the appointment of Sir Derek Rayner to assist on these matters. You asked for progress reports this week.

The attached folder contains these progress reports, indexed by Departments. (Some Ministers have submitted separate reports on "Reduction of Waste" and "Reduction of Quangos".)

The reports vary considerably in the approach adopted. I think that their main value is, first, in helping to focus Ministers' attention on the number of quangos for which they are responsible, and on the way in which their officials respond to injunctions to tackle these questions; and secondly, in providing early warning of the variations in quality of this attack on waste and quangos, thus allowing Sir Derek Rayner to intervene to ensure that there is some common basis. I attach below this minute a first comment from Mr. Priestley of Sir Derek's office about the way this exercise is going.

There is no need for you to go through all these reports in detail. I suggest that we should ask Sir Derek to work through these, and to draw out of them some more specific guidance as to how Ministers should carry forward work in this field: we should ask him to keep in touch with progress, and report to you from time to time.

Are you content to hand this over to Sir Derek on this basis?

8 June 1979

Yes *mt.* *MPD*
It is going to take a long time.

cc for information

Mr PATTISON

P/S to Sir John Hunt
P/S to Sir Ian Bancroft
Sir Derek Rayner
Mr Allen

REVIEW OF QUANGOS

You asked whether I had any views on the replies so far received. I have not been able to consult Sir Derek Rayner about this but, although what follows is my personal reaction, I think that it would reflect his response.

2. I have three broad comments, as follows.

3. First, method of review. This should be consistent across departments so that the "case by case" approach is asking the same questions and providing evidence which will enable Ministers collectively to satisfy themselves that the decisions taken are sensible and fair. Perhaps the work already in hand in CSD (para. 4 of Mr Stowe's minute of 17 May) could provide a framework for departmental analysis.

4. Second, how radical should the approach to the review be? There are plainly cases where it would be difficult to abolish, cut back or merge Quangos. DES is perhaps a good example. Its main Quangos are the Research Councils and the great national Museums, Galleries and Libraries. At first sight, there is little scope, but even here one should not automatically exclude whole classes as Mr Carlyle's minute suggests; for example, one could not get an answer to the popular prejudice that SSRC does not add a similar value to the common wealth as the other Research Councils without taking careful thought.

5. Perhaps an even more obvious case among those so far covered by Ministers' replies is the Trade/Consumer Protection field. Does the taxpayer benefit from having a British Tourist Authority as well as the authorities for England, Wales and Scotland - does he need four authorities, three or just one? Does he benefit from having the separate consumer councils as well as the National Consumer Council? Indeed, in the consumer field, does the Government-funded agency do a job which cannot be left to the market and the Consumers' Association? So I think that there is a fundamental question to be considered: at a time of economic crisis and retrenchment, would the citizen and the economy suffer if the Quango in question did not exist at all, would the effect be neutral, might it even be beneficial?

6. Third, there is the question how even the necessary Quangos operate and how they impact on others. It might be worth doing a few case studies to throw light on this. Active-minded Quangos find things to do, which usually means a lot of work for someone else: is it always productive of a good? Sir Derek Rayner has received from a colleague the attached papers (not

1 ~~not~~ attached
MAP

CONFIDENTIAL

copied to copy addressees) sent out by the Statistics & Business Research Department of the GPO. The value added by this sort of activity is doubtful to say the least; and one can imagine how much it cost to devise and send out the enquiry; the offer of £2-50 for "assistance in completing the enclosed Telephone Calls Diary" is especially ludicrous. Similarly, there is a good question at the foot of page 3 of Mr Nott's minute - whether it is absolutely essential for officials to attend Quango meetings. (I was told recently of DES's sending eight officials to a meeting of a Schools Council Committee.) Here again there is the fundamental question: what is the most economical and effective way of doing the essential work of the Quango?

CP

C PRIESTLEY
8 June 1979



PM/79/50

PRIME MINISTERElimination of Waste and Promotion of Efficiency

1. Your Private Secretary's letter of 17 May asked for reports by 7 June on a reduction in the number of 'Quangos' and on measures for the elimination of waste and promotion of efficiency. I have also seen your minute of 4 June about the Rayner project. We shall of course cooperate fully with Sir Derek Rayner in this. I am minuting separately on 'Quangos'.
2. Manpower constitutes by far the heaviest item of expenditure in the FCO vote and the Lord President has asked for an estimate by the end of July of the effects of further reductions of 10%, 15% and 20% in Diplomatic Service and FCO manpower.
3. Apart from these exercises, Diplomatic Service Posts abroad and FCO Departments in London are already subjected to regular and thorough inspections by the Diplomatic Service Inspectorate. The five teams of overseas Inspectors carry out complete management audits of every Diplomatic Service Post at 3-3½ year intervals. The summer round of inspections covering 17 posts is now in progress. Departments within the FCO are similarly inspected but rather less frequently. I should like to see the rate of inspection in London stepped up and measures to this end are being put in hand. Overall the Diplomatic Service Inspection system has achieved savings of some 10% in manpower over the last ten years.
4. The ODA are associated with Diplomatic Service Inspections overseas where this is appropriate. They also have a separate programme of inspections covering their Departments at home, which are reviewed every 3-5 years.
5. Different considerations apply to the Aid Programme itself. My officials are examining ways of monitoring aid projects more closely without an overall increase in staff.

/6.



6. Among other measures in hand to improve efficiency are, at home, a study for the introduction of advanced office machinery into the FCO; and, abroad, the setting up of very small Missions, the introduction of simplified administration procedures for them and a review of the applicability of these simplified measures to our larger Missions. I have asked my officials to identify further areas where efficiency could be increased and costs reduced, including, among others, official transport, travel and freight.

7. I am copying this minute to Cabinet colleagues, including the Minister for Transport, and to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

(CARRINGTON)

Foreign and Commonwealth Office

8 June 1979

- 8 JUN 1979





VMA
DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

PS/ Secretary of State for Industry

8 June 1979

D R Allen Esq
Sir Derek Rayner's Office
Cabinet Office
Whitehall
London SW1

Dear Dave,

THE RAYNER PROJECT

I refer to the Prime Minister's minute of 4 June.

My Secretary of State has nominated Lord Trenchard, Minister of State, to direct the work in this Department. The Principal will be Mr Roger Holmes who is presently on 212-0198, but will write shortly to let you know his new address and number.

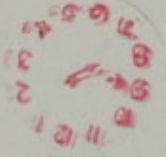
As you know, my Secretary of State agreed yesterday with Sir Derek Rayner that the subject to be studied would be the provision of statistical services, which engage relatively large numbers of staff, mainly at the Business Statistics Office and which are provided for other Departments as well as the Department of Industry. I am copying this letter to the Private Secretaries to Sir Ian Bancroft and Sir Kenneth Clucas, and to Tim Lankester and Martin Vile.

Your sincerely,

Andrew Duguid

ANDREW DUGUID
Private Secretary

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FBI JUN 1979



PM/79/49

PRIME MINISTER

1. I have reviewed the QUANGOs for which I am responsible and concluded as follows:

(i) The British Council. I do not believe we should abolish the British Council which is subject to the same discipline of cash limits as the FCO (FCO contribution including ODA 1979-80 £48.7 million) but I shall consider the need for a general review of the Council including its relations with two other FCO QUANGOs (the Inter-University Council (IUC) and the Technical Education and Training Organisation for Overseas Countries (TETOC)):

(ii) The Commonwealth Institutes (London and Edinburgh). The cost to the FCO in 1979-80 of £1.49 million covers basic maintenance and staff expenses. Costs of national exhibitions are borne by the countries concerned. Given the place of the Commonwealth in our overseas policy I think it would be wrong to abolish these Institutes:

(iii) Crown Agents. Despite their venture into property and secondary banking, I am satisfied we should maintain the Crown Agents to pursue their traditional self-financing business. The Crown Agents Bill passed in the last session of Parliament provides for the present unincorporated Crown Agents to be replaced by two Statutory Bodies Corporate with common management. One will continue with the traditional Crown Agents business. The other (The Holding and Realisation Board) will deal with the withdrawal from the former Crown Agents activities in property and secondary banking. In 1977 the Crown Agents placed orders worth £196 million, 78% of the business by value comes to UK suppliers:

(iv) The Commonwealth Development Corporation (CDC). CDC operations draw on the aid programme, but they are largely exposed to the discipline of the market by a statutory

/ requirement.



requirement. These operations are a very valuable part of the aid programme and I see no advantage in abolishing the CDC:

(v) The Inter-University Council (IUC). The IUC, established by the UK Universities, assists higher education in developing countries. It is almost wholly dependent on a grant in aid of about £3 million annually. I am reviewing the need for this body:

(vi) Technical Education and Training Organisation for Overseas Countries (TETOC). TETOC is, for all practical purposes a specialised unit of the ODA. It costs about £0.8 million annually. I am reviewing the need for this body:

(vii) Commonwealth Scholarship Commission (CSC). The CSC is constituted by an Act of Parliament to administer Britain's contribution to the Commonwealth Scholarship and Fellowship plan. Administrative costs are about £180,000 annually. I do not believe that we should withdraw from this scheme.

2. I am also responsible for the costs of the BBC External Services (£43.9 million in 1979-80). They are subject to the same discipline of cash limits as the FCO.

3. The FCO pays for the Marshall Aid Commemoration Commission created by Act of Parliament to grant scholarships in this country to American students (1979-80 £391,000). I am satisfied that this scheme contributes positively to Anglo-American relations.

4. The Foreign Compensation Commission is partially funded by the FCO. It is, however, a quasi-judicial body and I shall discuss with the Lord Chancellor the most appropriate manner of reviewing it.

5. I also appoint members to a number of advisory bodies, for some of which I am responsible. With one minor exception they are unpaid. These bodies provide valuable advice at virtually no cost to HMG. I shall however ask my officials to consider the need for continuing each appointment as it becomes vacant.

6. I am sending you a separate minute about eliminating waste and promoting efficiency.



7. I am copying this minute to Cabinet colleagues, including the Minister of Transport, and to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

A handwritten signature in blue ink, consisting of a stylized 'C' followed by a horizontal line.

(CARRINGTON)

Foreign and Commonwealth Office

7 June 1979

-7 JUN 1979



C O N F I D E N T I A L

PRIME MINISTER

At Cabinet on 10 May it was agreed that we should consider a reduction in the "quangos" sponsored by our Departments and submit progress reports.

The most important quangos for which I am responsible, under the definition employed for this exercise, are the nationalised industries, and the Chancellor of the Exchequer will be making a separate report to you on all of them which takes account of my views. This will show that work is in hand to implement the Manifesto commitment to establish a majority private shareholding in the National Freight Corporation.

Outside the sphere of nationalised industries my most significant quango is the National Ports Council, which in my view should be retained. It performs important statutory functions over such matters as control of ports development, and the only alternative would be more Civil Servants to do the same job inside the Department of Transport. The Council, which was set up by the Conservative administration, is funded

C O N F I D E N T I A L

C O N F I D E N T I A L

by the ports industry itself. (I do not regard the Trust Ports as being quangos in the generally accepted sense; although set up by Parliament to exercise some statutory functions, they are essentially trading bodies.)

Of the few other quangos within my remit the following could, I believe, be dispensed with:

Immediately

The Railways and Coastal Shipping Committee
The Freight Integration Council
The Motor Rallies Advisory Committee

After Outside Consultation

The London Rail Advisory Committee (assuming satisfactory alternative but less formal means of consultation can be established)

The Planning and Transport Research Advisory Council
(and subject to further interdepartmental discussion)

In the Longer Term

The Standing Advisory Committee on Trunk Road Assessment (but not until public confidence in this sensitive area has been established by our administration of the road programme)

C O N F I D E N T I A L

C O N F I D E N T I A L

The savings from winding up these bodies will not be large, because few of the appointments receive any payment. But simplification has its own merit.

This would leave only three advisory committees which, on balance, should I think be retained because they represent valuable sources of essential expert knowledge which is simply not available within my Department. These are:

- i. The Advisory Committee on the Landscape Treatment of Trunk Roads. The obtrusiveness (or otherwise) of major roads is a sensitive subject;
- ii. The Advisory Committee on Motorcycle Training. This has a valuable part to play in checking the rising trend of casualties among young motorcyclists; and
- iii. The Transport and Road Research Laboratory Advisory Committee.

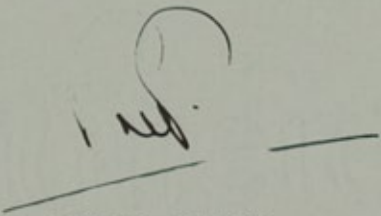
But even here I hope to find scope for reducing the number of members.

I am responsible, in addition, for two quasi-judicial bodies of the kind mentioned in the Lord Chancellor's minute to you of 29 May. These are the Transport Tribunal and the Traffic Commissioners. On the latter I will be putting forward proposals for reform. If you accept the Lord Chancellor's

C O N F I D E N T I A L

suggested timetable I will arrange for a separate note with more detail to be sent to the Secretary of the Cabinet before the end of the month.

I am copying this minute to Cabinet colleagues, Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.



NORMAN FOWLER

8 June 1979

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C O N F I D E N T I A L

PRIME MINISTER

Following my minute today about "Quangos", this minute reports my preliminary thoughts about efficiency in this Department. I have already obtained a full statement of the options for saving staff engaged on the administration of Vehicle Excise Duty, and I shall be examining these and consulting my colleagues concerned. This is one of the Department's tasks where we could make the largest savings by changing the requirements of the work in a variety of ways. But there are snags in each of the changes.

I mentioned in my report about Quangos that I am looking closely at the Traffic Commissioners' duties, and I am extending this to other departmental work which is done by staff in their offices. By new methods of work I hope that we may be able to save not only staff time but also space.

I also have a report on ways in which we might change the organisation of the Road Construction Units now that the prospect is that the division between central government and the local authorities in carrying out the programme will be

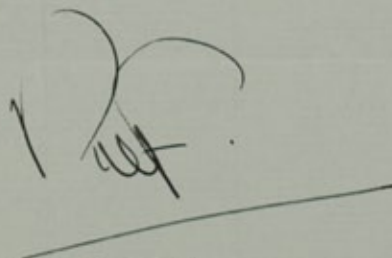
C O N F I D E N T I A L

C O N F I D E N T I A L

shifted towards the local authorities. But whoever commissions the work, I intend that as much use as possible will be made of consultant engineers from the private sector to supervise it.

As regards the services which are provided in common to my Department and Michael Heseltine's, we shall have joint arrangements for helping Derek Rayner. This will fit very well because we already have in hand a joint Management Review of the two Departments, and the information which that Review has already produced will get us away to a good start.

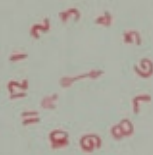
I am sending copies of this minute to the Members of the Cabinet, Sir John Hunt, Sir Ian Bancroft and Sir Derek Rayner.



NORMAN FOWLER
8 June 1979

C O N F I D E N T I A L

1-8 JUN 1979





Foreign and Commonwealth Office

London SW1A 2AH

7 June 1979

QUANGOs

1. With reference to Lord Carrington's minute of today's date to the Prime Minister, I would be grateful if you would amend the first line to read:-

"I have reviewed the QUANGOs for which I am responsible and....."

2. I am copying this letter to the recipients of the minute under reference.

(G G H Walden)
Private Secretary

B G Cartledge Esq
10 Downing Street

010

✓ MJD

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 (Linell Union)



WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-2338545 (Direct Line)

Oddi wrth Ysgrifennydd Gwladol Cymru

From The Secretary of State for Wales

7 June 1979

The Prime Minister's Personal Minute M1/79T of 4 June asked Ministers to let you know the names of designated Ministers and officials to direct, in consultation with yourself, work on promoting efficiency and eliminating waste.

My Secretary of State has decided that he himself will be responsible for the work which will go ahead in the Welsh Office; as you know, there is no Minister of State in this Department. The nominated official is P E Loveluck, an Assistant Secretary, aged 37. Mr Nicholas Edwards considers that Mr Loveluck is particularly well qualified for this assignment; he is one of the ablest of the Department's younger Assistant Secretaries and is to be preferred to an appointment at Principal level.

I am copying this letter to the Private Secretaries to Sir Ian Bancroft and Sir John Hunt and to Ken Stowe. ✓

G C G CRAIG
Private Secretary

Private Secretary to
Sir Derek Rayner
Cabinet Office
70 Whitehall
LONDON
SW1A 2AS

1-8 JUN 1979

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PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

7 June 1979

From THE PAYMASTER GENERAL

K R Stowe Esq CB
10 Downing Street
London SW1

Dear Ken

REVIEW OF 'QUANGOS'

Your letter of 10 May referred to the Cabinet's decision that Ministers should submit reports by 7 June on the 'Quangos' for which they are responsible.

This is to record the fact that the Paymaster General's Office is not responsible for any 'Quangos'.

I am copying this letter to the Private Secretaries to Cabinet Ministers including the Minister of Transport, and to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

*Yours ever
Richard*

R E S PRESCOTT
Private Secretary



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PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

7 June 1979

From THE PAYMASTER GENERAL

PRIME MINISTER

Following the informal meeting of the Cabinet on 8 May you asked for a report by 7 June regarding the action taken so far on a number of matters:

1 REDUCTION IN GOVERNMENT CIRCULARS

My Department does not issue any Government circulars to Local Authorities. In fact, the only circulars issued are essential notices to Departments, Banks and pensioners about pension rates.

2 FREEZE ON CIVIL SERVICE MANPOWER

My Department has suspended recruitment of staff and will endeavour to maintain this suspension for a period of three months. However, as the work is demand-related it may be necessary to seek exception if additional retirements throughout the rest of the Civil Service caused by the 3% cost saving exercise increase the number of pensions paid and this increases the work load beyond our ability to cope.

There is a serious problem of loss of computer staff and the recruitment of computer staff, which, if it is allowed to continue, could mean delays in, or non-payment of, Civil Service pensions. This would have serious political repercussions.

I am writing to the Lord President of the Council separately with proposals for long term cost saving in the training and retention of Computer staff.

3 REDUCTION OF WASTE

My Department has no quasi autonomous non-governmental organisations for which it is responsible.

I have visited the Computer Centre at Crawley to see the operation for myself and I am satisfied that there is very little scope for any further reductions in either staffing or services. However, there are three areas which might bear examination:

- (a) the issue of payment advices to pensioners
- (b) the collection of information for Treasury statistics (Analysis of Public Expenditure)
- (c) a changeover from weekly payments to fortnightly or monthly payments.



Since 1953 there has been a 300% increase in the workload at Crawley with only a 50% increase in staff. This has been achieved by the effective use of machines and computers coupled with a continuing review of staffing levels and procedures by a small group of O and M specialists. However, I would welcome an early visit from Sir Derek Rayner in order to discuss these matters.

In my role as co-ordinator of Government information I am looking at ways of promoting efficiency and eliminating waste within the information service. In particular, I think that there is scope for avoiding duplication of work by the Publicity Divisions within Information Departments and the common services provided by the Central Office of Information. I have written to colleagues asking them to take this point into account when deciding information staff levels and they have agreed to consult with me about it.

I am copying this letter to our Cabinet colleagues, the Minister of Transport, and to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

ANGUS MAUDE

1978



PRIME MINISTER

REDUCTION OF WASTE AND REVIEW OF QUANGOS

You asked at Cabinet on 10th May for a report on the scope for eliminating waste and promoting efficiency generally and on reducing Quangos.

This is, as you know, a small Department confined essentially to policy issues. We have few regulatory or executive functions. However, I shall review personally the whole range of our activities and what scope there may be for increased efficiency as part of the economy exercises which are now in progress:-

- 1) The examination of reducing public expenditure in 1980/81 and later years;
- 2) The study of reducing staff costs by 10%/15%/20%;
- 3) Associated with (2) we will give all possible help to Derek Rayner in his examination of the Department and its functions.

Two areas which fall to be looked at are our Offshore Supplies organisation, the scope of its present activities and its location; and our organisation at Leicester which is responsible for setting gas standards. I would also have suggested the Department's relations with ENOC and more generally our working relationships with the nationalised energy industries. A comprehensive review of ENOC is, however, already well under way and the Chancellor will be considering separately the general question of the relationship between the Government and the nationalised industries.

Contd/...

The only Quango we have, in the strict sense of the word, is the Atomic Energy Authority. This clearly must be retained. I may, however, wish to review its precise role in the context of the development of our nuclear and general energy policy.

The Department at present has nine Advisory Councils and Committees (details are attached), all with unpaid members. I have reviewed very carefully the need for these bodies. Two of the Committees, the Severn Barrage and Offshore Safety, are of limited life. I wish to consider further the future of the Energy Commission which has considerable political facets and of the Offshore Industry Liaison Committee and may well not want to resurrect ACOFOI (Advisory Committee on Fixed Offshore Installations). For the rest, I believe that the remaining Committees and Advisory Bodies serve a useful function and should be retained.

I am sending copies of this note to our Cabinet colleagues, Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

David Hunt

Secretary of State for Energy,

7 June 1979.

Encl.

CONFIDENTIAL

ADVISORY COUNCILS AND COMMITTEES

1. Commission on Energy and the Environment (CENE)

This was set up "to advise on the interaction between energy policy and the environment". This Department is concerned with the body in concert with the Department of the Environment.

2. Energy Commission

This was set up to assist the Secretary of State for Energy on the development of a strategy for the energy sector in the UK and to advise the Secretary of State on such specific aspects of energy policy as he may from time to time refer to them. It includes representatives of the energy industries, trade unions and consumers.

3. Advisory Council on Research and Development for Fuel and Power (ACORD)

ACORD, whose members are leading scientists and technologists, advises the Secretary of State annually on the R and D programmes of the nationalised energy industries and on the Department's own increasingly important R and D programme. It is chaired by the Chief Scientist.

4. Offshore Energy Technology Board (OETB)

Advises the Chief Scientist on the R and D to be supported in offshore technology. It enables the Department to have access to a range of informed technical and commercial advice to aid decision taking.

5. Advisory Council on Energy Conservation

The terms of reference of the Council include identifying fields in which improvements in energy use could be achieved, advising on means of realising them, stimulating and maintaining public interest in energy conservation and reviewing progress made.

CONFIDENTIAL

2.

6. Severn Barrage Committee

Set up in 1978 to advise and assist the Secretary of State in reaching a decision on whether to proceed with a scheme for harnessing the tidal energy of the Severn Estuary: chaired by the Chief Scientist and initiated a programme of R and D costing about £1 million up to Autumn 1979.

7. Offshore Safety Inquiry

Set up in December 1978 to review offshore safety regulations and procedures. This is a one-off independent inquiry and the Committee will be disbanded as soon as it has reported - latest target date for their report is the end of this year.

8. Advisory Committee on Fixed Offshore Installations (ACOFI)

This Committee is in abeyance until the Offshore Safety Inquiry reports. Its future will then be decided.

9. Offshore Industry Liaison Committee

Representing labour and management in the offshore industry this provides a forum for discussion on common problems.

7th June 1979.



PRIME MINISTER

REDUCTION OF WASTE

At the Cabinet meeting on 10 May you asked Departments to report, by 7 June, on measures for eliminating waste and promoting efficiency.

In my Department staff costs comprise the major proportion of the total costs of administration so that this exercise necessarily embraces the decision to make a saving of 3% in staff costs this year and explore the options for longer-term savings in total administration costs to be achieved by 1 April 1982. Our major economies will follow from the full review of all Departmental functions which has already been started.

I have, however, already made some progress in several areas. In the first place the amalgamation of the former Departments of Trade and of Prices and Consumer Protection has created opportunities for economy. Services which were provided separately have been combined with some saving of staff. Secondly, I have decided to appoint an outside consultant who will work with one of my staff in looking into the whole question of the administrative forms which my Department issues. My officials are in touch with those of the Civil Service Department about this arrangement. Thirdly, I am examining the possibility of changing the system of licensing under the Consumer Credit Act: this would both cut staff and reduce the burden on businesses. Fourthly, we are looking into the efficiency of our export promotion services, an exercise which relates to our more general review of the information services.

Finally, we have already reviewed the functions performed by a number of quasi-government bodies. The Price Commission will go; the Consumer Advisory Centres will no longer receive government support and will probably give way to strengthened Citizens Advice



Bureaux; and the many Nationalised Industry Consumer Councils will be rationalised.

I am minuting you separately on my review of this Department's "quangos".

As requested in your minute of 4 June I am copying this to Sir Ian Bancroft and Sir Derek Rayner, as well as to Sir John Hunt.

Department of Trade
1 Victoria Street

7 June 1979

SW

JN

Prime Minister

REDUCTION OF WASTE: PROMOTION OF EFFICIENCY: AND REVIEW OF QUANGOS

This minute is the progress report we were asked to make at Cabinet on 10 May and a response to your minute of 4 June.

I have made a preliminary appraisal of the action being taken within DHSS to reduce waste and improve efficiency; and I have discussed this with Sir Derek Rayner. It is clear that attacks on waste and inefficiency are not new in DHSS. A good deal has been achieved in the past few years, as the examples in the attached Annex show. These examples are additional to the normal processes of audit and staff inspection; longer term plans for carrying forward the replacement of clerical activities by the use of computers; and the exercises over the past two or three years which have saved over 6,000 posts.

Nevertheless in a large and widespread Department like the DHSS there is always more to be done to achieve economies and improve performance. With Sir Derek Rayner's advice I shall be moving ahead vigorously in the directions summarised in your minute. I particularly want to encourage individual involvement in efficiency and cost consciousness so I shall try to give a further boost to what is already an effective staff suggestion scheme.

It is the task of the Department Management Board, under the chairmanship of the Permanent Secretary, to oversee all matters designed to improve the organisation, methods and general working of the Department. However, we shall be strengthening our machinery for the purpose of a renewed drive on efficiency, over which I shall retain a personal oversight. I have agreed with Sir Derek Rayner that we should set up a team of three with an Assistant Secretary in charge to carry out a wide-ranging review of the arrangements for paying social security benefits: a start will be made this month. I am asking Lynda Chalker to take on a general oversight of this study.

As to Quangos we are now engaged on a thorough review which I hope will lead to a significant reduction in these bodies.

I am copying this minute to Cabinet colleagues, Sir John Hunt, Sir Ian Bancroft and Sir Derek Rayner.

June 1979

CONFIDENTIAL

P.J.

ANNEX

EXAMPLES OF RECENT DHSS ACTIVITIES ON IMPROVING EFFICIENCY

1. A saving of about £2 million on administrative costs other than manpower costs - mainly on postage and telephone charges.
2. A flourishing staff suggestion scheme: the average value of each adopted suggestion is about £400 compared with £70 for the Civil Service as a whole. Over 4,000 suggestions were received last year - one suggestion leading to a saving of £300,000 a year.
3. A Central Management Services branch, which in 1978 alone identified savings of over £1.5 million.
4. A standing working party on the simplification of social security procedures and systems.
5. Special reviews of social security benefits - supplementary benefit, industrial injuries, short-term benefits.
6. The follow-through of a major Management Review of the Department as a whole, completed in 1978, under a Steering Committee which included Sir Derek Rayner himself.

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 6106 (Llinell Union)
Oddi wrth Ysgrifennydd Gwladol Cymru



WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 6106 (Direct Line)
From The Secretary of State for Wales

7 June 1979

Dear Mr. Stowe,

REVIEW OF QUANGOS

In your letter of 17 May you asked for a progress report on my Secretary of State's consideration of a reduction in the QUANGOS for which he is responsible.

There is a considerable number of appointed bodies in Wales of the kind indicated in the second paragraph of your letter. I attach a list of them. This is confined to bodies operating wholly within Wales, within my Secretary of State's responsibility, since I take it that the lead on bodies with wider than Wales remits will be taken by the Whitehall Departments concerned. We are examining the *raison d'etre* of all these bodies with a critical eye but shall need a little longer to consider in full depth the implications of their abolition or reduction. In many cases of course our decision will have to have regard to what might be done about corresponding bodies in other parts of the UK.

Having said that I can say that Mr Edwards has already concluded that two of these bodies - The Celtic Sea Advisory Committee and the Welsh Language Translation Advisory Panel - can be abolished forthwith. Among the other bodies which are coming under particularly close scrutiny here but on which Mr Edwards has not yet reached a decision is the Welsh Council, a major QUANGO. In addition he is giving special consideration to the future of the Land Authority for Wales on the lines set out in the Manifesto for Wales.

/I am

K Stowe Esq
Principal Private Secretary to the Prime Minister
10 Downing Street
LONDON SW1



/ I am copying this letter to the recipients of yours.

Yours sincerely,

R. J. T. Williams

R J T WILLIAMS
Private Secretary



NOMINATED BODIES (QUANGOS)

The Ancient Monuments Board for Wales
The Agricultural Dwelling House Advisory Committees
Agricultural Regional Panels for North and South Wales
Agricultural Wages Committees
Careers Service Advisory Council for Wales
Celtic Sea Advisory Committee
Cwmbran Development Corporation
Development Board for Rural Wales
Experimental Husbandry Farm Advisory Committees
Historic Buildings Council for Wales
Land Authority for Wales
Library Advisory Council for Wales
Local Government Boundary Commission
Milk and Dairies Tribunal for Wales
The National Committee for Rescue Archaeology in Wales
Place Names Advisory Committee
Rent Assessment Panel for Wales
The Royal Commission on Ancient and Historical Monuments in Wales
The Sports Council for Wales
Wales Tourist Board
Welsh Council
Welsh Development Agency
Welsh Industrial Development Advisory Board
Welsh Language Translation Advisory Panel

1122

COMPANION



12

PRIME MINISTER

REDUCTION OF WASTE

You asked at Cabinet on 10 May for a progress report on the reduction of waste.

- i. Recruitment to the Department has been frozen in compliance with Government policy.
- ii. Arrangements have been made to monitor all circulars sent out to English local authorities. Since this procedure came into effect only 1 circular causing an additional burden to local authorities has been sent out by government - the one on Council House Sales.
- iii. I have met the Treasury requirement for public expenditure cuts in the current year.
- iv. Local authorities have been urged to follow Government manpower policies and the various organisations for which my Department is responsible have been instructed to do so.
- v. A review is in progress of every task being undertaken by the Department. The Department has been broken down into its component parts of which there are 66. We have established the total number of employees in each sub division and the cost of employing these people allowing an average wage cost per employee. We have also produced a list of all major policy activities within each of these 66 areas. The next stage is to review each task and to agree whether or not it should continue. Where tasks are to continue we will set objectives by policy and by date which will be subjected to regular monitoring. We are also of course having discussions with Sir Derek Rayner.
- vi. New disciplines have been introduced for the monitoring of all construction work carried out by the PSA. You have seen correspondence on this.
- vii. All Quangos have either been reviewed or are in the process of being reviewed. We shall undoubtedly be able to make considerable reductions.

The objective behind our work has been to introduce systems that are comprehensive and that enable Ministers to have detailed control of the Department. I have received massive support from officials and we will all keep up the pressure so that we may do the work as thoroughly as it demands.

I am copying this to Cabinet colleagues, the Minister of Transport, Sir Derek Rayner and to Sir John Hunt.

mjh

MH
7 June 1979

D
MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

PRIME MINISTER

PROMOTION OF EFFICIENCY AND ELIMINATION OF WASTE

In accordance with the decision of Cabinet on 10 May I have reviewed the operation of my Department with the aims of promoting efficiency and eliminating waste. This minute is a preliminary report. I shall report again later with further proposals for action.

2. A very large part of my Department's work is concerned with the administration of capital grants to farmers. I have commissioned a crash review of what seems to me an unnecessarily cumbersome and time-consuming system. I hope to identify simpler means of giving capital assistance or alternatively methods of streamlining present procedures.

3. I propose to carry out urgently a Management Review of my Department, with particular reference to its Regional Organisation. The present organisation dates from the time of our accession to the EEC: the Ministry's functions have changed greatly since then with the progressive adoption of the CAP, and a different and better organisation may be possible.

4. I understand that we shall be reviewing collectively the policy of dispersal. So far as my Department is concerned, dispersal of a large section of headquarters staff to Liverpool will mean substantial extra cost and reduced efficiency. I believe it should be abandoned.

5. I propose or have decided on a number of minor reforms, some of which will require legislation. They include the abolition of stallion licensing; the termination of grants for killing foxes; the abolition of certain controls on water authorities and local authorities; cutting down statistical work and eliminating nearly 50,000 questionnaires; and rationalising publications and reducing their number. I also propose to look again at the possibility of getting rid of dog licensing: the cost of collecting the licence fees exceeds the yield, and in my view the licence serves no purpose. When the last Conservative Government looked at this, however, it ran into a lot of opposition from the animal welfare lobby, and we shall need to consider it carefully.

6. I have also commissioned studies of a large number of other possibilities of reducing Departmental effort, ranging from reductions in checks on farm wages to simplifying procedures for purchases of equipment; and of improving efficiency, ranging from the concentration of research facilities which are now wastefully scattered to reforms in procedures for securing legal advice and handling cases for the European Court.

7. A great deal of my Department's work is required by EEC legislation. I shall do all I can to ensure that such legislation is confined to what is strictly necessary and justified. Harmonisation for harmonisation sake must be vigorously opposed.

8. I also propose to look at the organisation and operation of the Intervention Board for Agricultural Produce, which carries out the intervention functions imposed on us by the Common Agricultural Policy.

9. Finally, I have intensified efforts to secure the most economic use of staff, equipment and materials and to eliminate inessential paper.

10. I am copying this to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

Approved by the Minister and
signed in his absence.

Peter Walker
PETER WALKER
7 June 1979

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27 JUN 1979



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and Food.

11



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

CONFIDENTIAL

PRIME MINISTER

REVIEW OF QUANGOS

As agreed by Cabinet on 10 May, I have reviewed the Quangos for which I am responsible, either solely or jointly with colleagues. I agree with the Lord Chancellor's proposals for dealing with tribunals, and am therefore reporting now on only the remaining four categories listed in your Private Secretary's letter of 17 May.

Companies with Government Shareholding

2. The only company in my field in which the Government has a shareholding is the British Sugar Corporation, which processes all our sugar beet. Ministers also appoint the Chairman and two directors. I do not think we should dispose of our shares in the first tranche of Government disposals. There are advantages in retaining influence over the Corporation's activities during the tricky period when Tate and Lyle's refining capacity is having to be reduced. Our shares should moreover be worth much more later, when our policy of progressive green pound devaluation has taken effect. I shall however be considering total withdrawal from the company's activities at a later stage.

Agricultural Marketing Boards

3. There are ten Agricultural Marketing Boards. They were set up at the initiative of producers and under present UK legislation could be abolished only in the same way. Their powers and possibly their existence are however vulnerable under EEC legislation except where this specifically provides for them. The five Milk Marketing Boards were protected in this way last year by amendment of the basic CAP regulation for milk, and the new arrangements have been endorsed by polls of UK milk producers in which over 98% voted in favour. The Milk Marketing Boards are vital to confidence in dairy farming, and promote efficiency in transport and processing and maintain our system of milk distribution. We could not abolish them without going against everything we said in opposition.

4. The other five Boards are vulnerable in varying degrees under Community law, and the Farmers' Unions are pressing me strongly to negotiate changes in the law to keep them and their powers intact. There is however no way of safeguarding the Wool Marketing Board, short of amending the Treaty, since wool counts as an industrial not an agricultural commodity and is therefore subject to the full industrial rules. The Board markets the wool clip and operates the

/wool guarantee ...

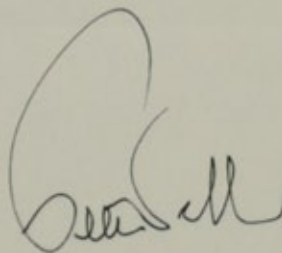
Wool guarantee efficiently, and I hope it will not attract legal challenge. The Northern Ireland Pigs Marketing Board has already attracted an adverse ruling by the European Court. My view is that we should seek to maintain this Board as an entity, but should not weaken our general negotiating position on the CAP by fighting for the retention of its compulsory powers. The Hops Marketing Board has recently been challenged by the Commission. Again I do not think we could justify fighting for its compulsory powers, but it would affront the industry if we did not seek to retain the Board as an entity on a voluntary basis. The Potato Marketing Board and the Northern Ireland Seed Potato Marketing Board are somewhat less vulnerable, since there is as yet no EEC Regulation for potatoes. I believe they could fulfil a useful function under a Regulation of the right kind and I shall be considering this further with the other Agricultural Ministers.

Advisory Committees

5. The Secretary of State for Employment, when Minister of Agriculture in the last Conservative Administration, made a clean sweep of advisory committees and has left me with very little scope for wielding the axe again. I propose however to abolish the Advisory Council for Agriculture and Horticulture, a standing Committee whose function is to advise me on issues referred to it. With the agreement of the Secretary of State for Scotland, I propose also to cut back the proliferation of Committees set up to help operate the customer-contractor system of commissioning agricultural research: I believe we can get rid of two-thirds of them with a gain in efficiency as well as a saving in cost. Decisions on the future of the NEDC will no doubt be taken centrally: for my part I would see no objection to the abolition of the EDCs for Distribution and for Hotels and Catering.

Fringe Bodies

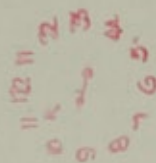
6. Subject to the agreement of the Secretary of State for Scotland, I would propose the future amalgamation of the White Fish Authority and the Herring Industry Board (legislation will be needed for amalgamation de jure).



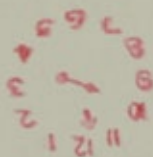
PETER WALKER

7 June 1979

7 JUN 1979



7 JUN 1979



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PRIME MINISTER

REPORT ON PROMOTION OF EFFICIENCY AND ELIMINATION OF WASTE

Cabinet asked Ministers to report on action to promote efficiency and reduce waste within their departments.

The central contribution of my department lies in the 3% squeeze on civil service staff cash limits and the reduction in the size and the cost of the civil service over the medium term. This will be a major preoccupation for the department for some time to come.

In addition, the department has a general responsibility for efficiency throughout the service. Examples of work in hand are a study on the use of messengers which we expect to yield useful savings and a study on how to make the most effective use of word processors. Our team of staff inspectors are pursuing the sort of staffing economy that identified £3½m savings last year. And we are seeking other likely areas of operation in consultation with Sir Derek Rayner.

I am very conscious of the need for the central departments to set a good example throughout the service. Within CSD Paul Channon will be supervising a cost consciousness campaign and in particular looking at economies which can be made by more effective use of staff time by shorter minutes, fewer meetings and less paper. I am confident that a determined drive by senior staff in the department can achieve salutary results even though it will not be easy to put a price tag on them. We have also started to tackle the difficult problem of a reduction in the number of civil servants paid on a weekly basis. By paying monthly we could save £¼m each year on the operation of CSD's payroll computer which deals with the pay of some 100,000 non-industrial civil servants. For the service as a whole the saving might approach £5m a year.

I am copying this minute to Cabinet colleagues, including the Minister of Transport, Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

A large, stylized handwritten signature in blue ink, appearing to be 'S.'.

SOAMES
7 June 1979

7 JUN 1979

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MANAGEMENT IN CONFIDENCE



PRIME MINISTER

REPORT ON THE REDUCTION OF QUANGOS

Cabinet asked for a report on action to reduce the number of Quangos.

The Civil Service Department has few of these bodies and their cost is negligible. There are two which I could abolish - a standing committee which hears appeals by civil servants who have had to be redeployed from security work and the Central Committee on Awards which looks at problems of ex gratia payments to civil servants whose inventions are used by Government pending patent rights. Both have been in existence for decades. If we need these bodies again we can appoint them on an ad hoc basis. But this is a cosmetic exercise and will not bring real savings since the bodies rarely meet. I will of course look at the possibility of abolishing others in the future.

Of more financial significance are the Royal Commissions. The expenditure for most of these falls on Civil Service Department Votes although the Commissions themselves are sponsored by other departments. We have written to the sponsoring departments asking for a review of the Commissions' functions. To give you an idea what is involved I attach a list of the bodies, and their costs, which are borne on my Votes. They are not inconsiderable.

S.

SOAMES
7 June 1979

MANAGEMENT IN CONFIDENCE

ROYAL COMMISSIONS AND SIMILAR BODIES

GSD is responsible for expenditure on salaries, fees and general expenses of all but 2 Royal Commissions, and some similar bodies (eg. Standing Commissions and Boundary Commissions). Individual departments sponsor these Commissions and bear the responsibility for justifying their existence. The staff of Commissions are not civil servants and are not included in civil service manpower figures. Finite Commissions are generally staffed by civil servants on loan; the staff of Standing Commissions usually have civil service terms and conditions of service..

The Royal Commissions and similar Bodies for which GSD has responsibility for paying salaries, fees and general expenses are listed below:

	NAME	SPONSOR DEPARTMENT	GSD VOTE BORNE COST (1979-80)*
1.	HISTORICAL MANUSCRIPTS COMMISSION	PUBLIC RECORD OFFICE	£163,000
2.	BRITISH RECORDS ASSOCIATION (part of the Historical Manuscripts Commission)	PUBLIC RECORD OFFICE	£8,000 (Grant in Aid)
3.	ANCIENT MONUMENTS (SCOTLAND) COMMISSION	SCOTTISH OFFICE	£265,000
4.	ANCIENT MONUMENTS (WALES) COMMISSION	WELSH OFFICE	£206,000
5.	HISTORICAL MONUMENTS (ENGLAND) COMMISSION	DEPT. OF ENVIRONMENT	£774,000
6.	ROYAL FINE ART COMMISSION (ENGLAND)	DEPT. OF ENVIRONMENT	£37,000
7.	ROYAL FINE ART COMMISSION (SCOTLAND)	SCOTTISH OFFICE	£25,000
8.	MUSEUMS AND GALLERIES STANDING COMMISSION	DEPT. OF EDUCATION AND SCIENCE	£45,000

	NAME	SPONSOR DEPARTMENT	GSD VOTE BORNE COST (1979-80)*
9.	REVIEW BOARD FOR GOVERNMENT CONTRACTS	H M TREASURY	£45,000
10.	ROYAL COMMISSION ON ENVIRONMENTAL POLLUTION	DEPT. OF ENVIRONMENT	£90,000
11.	BOUNDARY COMMISSION FOR ENGLAND AND WALES	OFFICE OF POPULATION CENSUSES AND SURVEYS	£129,000
12.	BOUNDARY COMMISSION FOR NORTHERN IRELAND	NORTHERN IRELAND OFFICE	£7,000
13.	ROYAL COMMISSION ON THE NATIONAL HEALTH SERVICE	DEPT. OF HEALTH AND SOCIAL SECURITY	£155,000
14.	ROYAL COMMISSION ON LEGAL SERVICES (ENGLAND, WALES, N. IRELAND).	LORD CHANCELLOR'S DEPT.	£110,000
15.	ROYAL COMMISSION ON LEGAL SERVICES (SCOTLAND)	SCOTTISH OFFICE	£148,000
16.	ROYAL COMMISSION ON CRIMINAL PROCEDURE	HOME OFFICE	£329,000

The two Royal Commissions for which GSD has no responsibilities are:-

- i. Royal Commission on the Distribution of Wealth (funded entirely by Dept. of Employment);
- ii. Royal Commission on the Great Exhibition of 1851 (entirely self-financing).

* These costs have yet to be adjusted to take account of the 1979 Pay Settlement.



PRIME MINISTER

REDUCTION OF WASTE

You asked at the Cabinet meeting on 10 May for reports by 7 June on measures being taken by Departments for eliminating waste and promoting efficiency.

In my Department, as you know, I am taking a critical look at functions generally and I intend that we shall tackle waste in its widest sense when I report at the end of July on the options for staff savings of 10%, 15% and 20% as discussed in Cabinet on 31 May. In the Department of Industry staff costs comprise by far the major proportion of the total costs of administration and it is here therefore that the major thrust must be made.

Until we see where the reduced resources of a slimmed-down Department will be concentrated it could be counter-productive to review procedures and practices at large. This is particularly the case in this Department where staff numbers were well below those necessary to carry out the programmes of our predecessors and where the present scope for savings of a good housekeeping nature are consequently limited.

/I ...



2.

I am meeting Derek Rayner today and shall then be discussing with him where his attentions might most profitably be directed.

Possibilities include:

- i) the provision of statistical services which engage relatively large numbers of staff, mainly at the Business Statistics Office, but which are provided for other Departments as well as my own;
- ii) the costs and benefits of research and development with particular reference to the Industrial Research Establishments; and
- iii) the administration and monitoring of selective financial assistance to industry.

Meanwhile I have given instructions for economies in the use of cars and the economical use of stationery and office services generally.

I am copying this minute to all members of the Cabinet, the Minister for Transport, Sir Derek Rayner, Sir John Hunt and Sir Ian Bancroft.

14

K J

7 June 1979

Department of Industry
Ashdown House
123 Victoria Street
London SW1



11 12 1 2 3
4 5 6 7 8 9

11 1978

COPIED FROM



PRIME MINISTER

REVIEW OF QUANGOS

You called for a progress report by 7 June on the review of "quasi autonomous non-governmental organisations" as defined in your Principal Private Secretary's letter of 17 May. Taking the various categories of such bodies in the order in that letter the following is the position for my Department:

a) NATIONALISED INDUSTRIES AND COMMERCIAL COMPANIES IN WHICH GOVERNMENT HAS A SHAREHOLDING

The letter from Geoffrey Howe's Private Secretary to yours today gives the position for all the nationalised industries for which I am responsible.

b) TRIBUNALS

The proposals in the Lord Chancellor's letter of 29 May would be acceptable to me.

c) ADVISORY COMMITTEES AND COMMISSIONS

Five advisory boards on various industry support schemes which come to an end during 1979 will be disbanded this year. In addition the Committee of Inquiry into the Engineering Profession (The Finniston Committee) is expected to report this Autumn and will then cease to exist. These changes arise more from the natural course of affairs than from the review and generally the minimal cost of bodies in this category gives little scope for worthwhile economies.



d) FRINGE BODIES

We have a few substantial bodies which fall within this definition. I have received a report on these which I propose to discuss with officials later this month before reaching conclusions. Meanwhile Coopers and Lybrand are being engaged to carry out a wide ranging review on one of the larger bodies, the English Industrial Estates Corporation, which will examine the scope both for disposals and for involving the private sector.

Copies of this minute go to Cabinet colleagues, the Minister of Transport, Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

KJ.

K J

June 1979

Department of Industry
Ashdown House
123 Victoria Street
LONDON SW1



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

7th June, 1979

Der Ken,

REVIEW OF QUANGOS

Your letter of 17th May referred to the Cabinet's decision that Ministers should submit reports on the "quangos" for which they are responsible by 7th June. This letter deals with nationalised industries (category (a) in your letter), apart from BNOC (which the Department of Energy will cover in their reply) in view of the Chancellor's responsibility for policy on nationalised industries. It also covers BP and certain of the commercial companies in which Government has a shareholding. Other bodies in this latter category will be dealt with in sponsoring Ministers' replies. I shall be writing to you separately about "Treasury Quangos" such as NEDC.

A reduction of nationalised industries and other quangos, as defined in your letter, will of course be achieved by the decision the Government has already taken in the context of the Budget to raise revenue from disposals in the current year. This will involve, among other things, a reduction in the Government's shareholding in BP and in the NEB's shareholding in manufacturing industry.

Further reductions of the public sector will be achieved by disposals in the longer term. Ministers will be discussing Sir Keith Joseph's paper on nationalised industry policy including general policy questions on disposals on 21st June and the Cabinet has commissioned a review of the options for disposals after the current financial year of shares in nationalised industries and other public corporations or of their assets including land. This will cover Government holdings of BP shares and shares in the Suez Finance Company in addition to the bodies mentioned in the Annex to this letter. The Annex, which has been supplied by sponsor departments, contains their comments on the state of the work they have in hand.

/I am

K. Stowe, Esq., CB
10, Downing Street

CONFIDENTIAL



I am copying this letter to the Private Secretaries of
Cabinet Ministers, the Minister of Transport, Sir Ian Bancroft,
Sir John Hunt and Sir Derek Rayner.

Yours ever,

Mark.

(M.A. HALL)
Private Secretary

CONFIDENTIAL

Post Office

Ministers are reviewing the case for the Carter Committee's proposal that the Corporation be split into its two main businesses, Posts and Telecommunications, and the aim is to make an announcement on the future structure of the Corporation before the Summer Recess. If Ministers decide to split the Post Office, it may be possible to publish a Bill early in 1980. The possibility of modifying or abolishing the Post Office's monopoly on the supply of attachments to its telecommunications network is also being explored.

British Shipbuilders

Consideration is being given to the ways in which the Manifesto commitment can be implemented. Given the poor prospects for merchant shipbuilding, however, the options are limited. Consideration is therefore focused on the three profitable specialist warship builders and on one or two small companies.

British Aerospace

A wide range of possible courses is being considered to carry out the Manifesto promise to offer the industry for sale to the private sector. The front runner at present is the so-called "BP solution". The legislative timetable proposed by the Lord President envisages policy decisions by the Summer Recess and the introduction of legislation by November 1979.

British Steel Corporation

The Corporation has been asked to consider the scope for early disposal of non-mainline assets and other interests, but there are as yet no firm plans for particular sales. However, it has been provisionally estimated that up to £30m might be raised by this means in the current financial year.

Cable & Wireless Limited

The main action being considered is the sale of 49% of the shares in the company to the private sector. We hope to reach a decision in principle before the Summer Recess, depending in part on the outcome of consultation with overseas governments.

NEB

No specific decisions have yet been taken on the disposal of subsidiaries, but there is a general commitment to disposals to a value of £100m in 1979/80.

DEPARTMENT OF ENERGY

National Coal Board and subsidiaries

British Gas Corporation and subsidiaries

Electricity Supply Industry (England and Wales)

All these industries will be considered in the longer term disposals exercise (1980/81 onwards) and in the Nationalised Industry Policy Review. It is too early to judge the timescale of decisions.

DEPARTMENT OF TRADE

British Airways Board

There are three main options to reduce public ownership in respect of the BAB:

- a) the sale of shares to the public in BAB as it now exists;
- b) sales to the public of shareholdings in BAB's subsidiaries;
- c) sale to the public of BAB's trade investments (ie minority shareholdings in hotel companies, other airlines, catering companies etc.)

These options are not necessarily exclusive but need to be considered together in order that action on one does not prejudice the others. Option (a) would be a major exercise and would take time to prepare. The precise timing of any offer of shares could also be crucial to success. It seems likely to be nearer the end of this year before firm proposals emerge for decision.

British Airports Authority (which owns and manages 7 major airports in England and Scotland which between them handle about 75% of passengers and 85% of air cargo in the United Kingdom).

Breaking up the BAA into smaller units does not seem feasible because the London airports must be operated as a single system in order to ease the congestion at Heathrow by inducing traffic to go Gatwick and Stanstead. Similarly the Scottish airports have been the subject of substantial investment to support North Sea oil and tourism and they are making losses. The Authority is making good progress towards profitability in Scotland but meanwhile subsidies from the London airports are unavoidable.

The Authority's investment proposals for 1980/81 involve borrowing from the National Loans Fund in order to fulfill its capital investment plans without a heavy increase in landing fees. One option being discussed with the Treasury is to require the Authority to raise these fees. If the Budget increases the high-street cost of dutiable goods there may also be scope for increased duty-free revenue. The option of issuing shares in the Authority to the public is another possibility.

DEPARTMENT OF TRANSPORT

British Railways Board

British Transport Docks Board (which is responsible for operating Southampton, the Humber and South Wales ports and several smaller ports).

National Freight Corporation

National Bus Company (which through wholly owned subsidiaries, provides stage carriage and coach services in most parts of the country other than London and the conurbations).

-
- a. Work is in hand to implement the Manifesto commitment on the NFC, which will include amending legislation.

b. The BRB and the NBC exist to provide services which will continue to be required and are dependent on subsidy. It is not considered practicable to make significant changes in their organisations or relationship with the Government. (There may be some possibilities of selling assets held by subsidiaries of BRB or of introducing private capital into them which will be looked at as lines of policy emerge).

c. The question of making any changes in the organisation of the BTDB has not yet been considered, but the Department's preliminary view is that any attempt to dispose of all or part of BTDB from public ownership would create serious danger of industrial unrest in the ports generally, and that this danger would outweigh any benefits from introducing a private sector stake into the business.

DEPARTMENT OF THE ENVIRONMENT

British Waterways Board (whose function is to maintain manage and provide facilities on certain inland waterways).

The function of the Board is essential. Most of its activities are insufficiently remunerative to be transferred other than to some other public sector body. While DOE Ministers will want to review the organisational and financial arrangements for the waterways, some form of public authority is for the foreseeable future likely to be required to shoulder responsibility for them. Meanwhile retention of the Board with its present activities is necessary.

SCOTTISH OFFICE

South of Scotland Electricity Board

North of Scotland Hydro-Electric Board

Scottish Transport Group

For the electricity boards and the Scottish Transport Group the Scottish office will be consulting with Department of Energy and the Department of Transport respectively in the light of Ministers' review of general nationalised industry policy.

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1979 JUN 26



HOUSE OF LORDS,
SW1A 0PW

Prime Minister

I have responded in my minute of 29th May to the part of your Private Secretary's letter of 17th May that had to do with administrative tribunals. There follows an interim report on my review of other forms of quango.

There is nothing I need say about categories (a) (c) and (e), but I am responsible for a variety of bodies falling within (d). There is a list in the Annex. Although some are more useful than others I am satisfied that all perform valuable functions most of which it would be difficult if not impossible to have performed in any other way. Nor does there seem much scope for rationalisation or, save in the two instances mentioned below, for significant savings. Leaving those instances aside the total cost is not much more than £30,000 a year.

As part of our search for worthwhile economies in the longer term I shall examine more closely the justification for the continued existence of the Council on Tribunals (about which I expressed provisional views in my earlier minute) and the Law Commission; and, if they are to continue - it would require primary legislation to abolish them - what might be done to limit their activities and so their cost. By the time I send you my final report on quangos I shall have made up my mind about these two.

H:of S:M

7th June 1979



HOUSE OF LORDS,
SW1A 0PW

ANNEX

Advisory Commissions and Committees for which
the Lord Chancellor is responsible

1. Advisory Committees on Justices of the Peace
2. Advisory Committees on General Commissioners of Income Tax
3. Advisory Committee on the Juvenile Court Panel (London)
4. Advisory Committees on Justices of the Peace and on Juvenile
Court Lay Panels (Northern Ireland)
5. Judicial Studies Board
6. Advisory Committee on the Training of Magistrates
7. Legal Aid Advisory Committee
8. Legal Services Conference
9. Lay Observer
10. Law Commission
11. Law Reform Committee
12. Council on Tribunals
13. Supreme Court Rule Committee
14. Crown Court Rule Committee
15. Matrimonial Causes Rule Committee
16. County Court Rule Committee
17. Insolvency Rules Advisory Committee
18. Land Registration Advisory Committee
19. Advisory Council on Public Records
20. *Statute Law Committee*

-7 JUN 1979





From the Secretary of State

Sir Derek Rayner
Cabinet Office
Whitehall
LONDON
SW1A 2AS

6 June 1979

Dear Sir Derek,

THE RAYNER PROJECT

I refer to the Prime Minister's minute of 4 June.

My Secretary of State has nominated Mr Cecil Parkinson, Minister of State, to direct the work in this Department. The principal will be Dr. Jonathan Spencer (present location Room 375 1 Victoria Street, telephone 215 5300).

As for a possible project, Mr Nott's strong preference would be for an examination of the Department's services to exporters. Some of these are no doubt very worthwhile, but there must be a doubt about the cost effectiveness of others. There is however a snag about selecting this topic for your project. The numbers of staff involved are quite considerable, so that this area of the Department's work would have to be taken account of in the response to the Lord President's exercise calling for proposals of ways of cutting staff by up to 20 per cent. It will thus be necessary for the Department to take a view of the potential savings here, at a stage when your own project would be in its very early days. This is a point which you may care to take into consideration in the discussions you will be having with the Department about the project.



From the Secretary of State

My Secretary of State would very much prefer this Department to concentrate on this export promotion exercise but if you would wish us to tackle one of the topics listed in the annex to the paper you circulated to Permanent Secretaries, we think we could help you on number 5 (progression of work up the hierarchy) or number 12 (annual confidential reporting).

I am copying this to the Private Secretaries to Sir Ian Bancroft and Sir Peter Carey, and to Tim Lankester and Martin Vile.

Yours Sincerely,

Tom Harris

T G HARRIS
Private Secretary



PRIME MINISTER

This minute is in response to the request by Cabinet on 10 May, which called for a progress report on action for achieving economies; and to your minute of 4 June about the Rayner Project.

On waste and efficiency, Janet Young and I would welcome an early visit from Sir Derek Rayner in order to discuss the scope we have in the Department for greater efficiency. You can be assured that we will do what we can to make this exercise a success, and I am sure that we will be able to find areas of work where improvement is possible. Although I understand that the Department's staff for education and science (that is discounting the Arts and Libraries staff transferred to Norman St John-Stevás) has been reduced from 3,200 to about 2,700 in recent years, we hope to find activities and functions which can be dispensed with altogether or, in the context of Michael Heseltine's controls exercise, devolved to local authorities.

The major QUANGOS associated with my Department are the Research Councils and I regard them as important bodies which do useful work. But we are taking a critical look at the various advisory bodies which at first sight seem to be of questionable value and could well be disbanded.

I am copying the minute to our Cabinet colleagues and to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

Mark Carlisle

MARK CARLISLE
6 June 1979

6 JUN 1979

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PRIME MINISTER

REVIEW OF QUANGOS

You called for a progress report of action taken and proposals formulated in relation to quasi-autonomous non-governmental organisations ("quangos"). Mr Stowe's letter of 17 May set out the categories of bodies to be covered in the exercise and my report below follows the framework of that letter.

Given the timescale, with the notable exception of the Price Commission, the report is naturally at this stage mainly a list of the more important of those areas which we have identified as candidates for closer study. Work on most of these studies is however already in hand.

a. Nationalised Industries

I am having the position of British Airways concerning a possible sale of shares to the public looked at urgently and Sir Leo Pliatzky is well advanced with preparation of a report on this. At this stage however I am inclined to accept Sir Frank McFadzean's initial view that the sale of shares in British Airways would not be sensible, or perhaps possible, within the next year or two and legislation will almost certainly be required. The precise timing of any offer of shares could be crucial to success.

The possibility of issuing shares in the British Airports Authority to the public is also being examined and my Department is discussing with the Treasury the question of requiring the BAA to raise its landing fees to help meet its capital investment plans.



b. Tribunals

I would be content to proceed on the lines suggested in the Lord Chancellor's letter to you of 29 May.

c. Agricultural Marketing Boards

My Department is not involved in these.

d. Advisory Committees and Commissions and e. Fringe Bodies

Since it is not always easy to distinguish between these two categories I comment on them together.

We have already taken a decision to abolish the Price Commission. Besides the important policy issue this also will result in a reduction of over 500 posts and cutting out annual expenditure of the order of £7.9 m at 1979/80 rates.

Some offsetting increases will be needed in the resources of the Monopolies and Mergers Commission and of the Office of Fair Trading. So far as the consumer credit work of OFT is concerned, we are however considering whether, with a view to saving manpower and lightening the burden on industry, the present licensing system established by the Consumer Credit Act 1974 should be replaced by "negative"licensing similar to that under the Estate Agents Act 1979, but this would require legislation. There are at present five bodies whose work is related to the Film Industry including the Interim Action Committee which was set up in 1977 under Sir Harold Wilson's Chairmanship to advise, inter alia, on the concept of a British Film Authority. Sir Leo Pliatzky is carrying out for me a special review of the subject which he expects to complete before the end of this month. We will then have to take decisions on some aspects rather urgently.



The Nationalised Industries Consumer Councils account for a substantial number of advisory committees. We are considering the possibility of merging some of these (which may require legislation) but before reaching definite conclusions we intend to have discussions with the Chairman of each Council. These discussions have now started.

My Department is reviewing the Civil Aviation Authority's responsibility for the operation of the eight aerodromes in the highlands and islands of Scotland. The future of the Metrication Board will be reviewed towards the end of 1979 when its report is received on a possible voluntary programme of metrication in areas where goods are weighed or otherwise measured out in front of the customer. The appointments of the Chairman and Members of the Board expire on 1 April 1980.

There is no present intention to reappoint members of the Tate and Lyle Consumer Safeguards Committee when their term of office expires in June 1980.

The review has also highlighted the rather odd situation of my Department being responsible for the Hearing Aid Council, a self-financing organisation regulating the standards of competence and conduct amongst those involved in dispensing hearing aids. Reginald Eyre has written to Reg Prentice suggesting that responsibility for this Council is transferred to DHSS. Such a change would require legislation.

I have also instituted a review of all those outside bodies on which this Department's officials are represented to check that their presence is absolutely essential.



I am sending copies of this minute to Sir Ian Bancroft,
Sir John Hunt and Sir Derek Rayner.

Department of Trade
1 Victoria Street

6 June 1979

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JN

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PRIME MINISTER

PROMOTION OF EFFICIENCY, ELIMINATION OF WASTE AND REDUCTION OF QUANGOS

This note provides the progress report you asked for at your first Cabinet meeting. It covers the activities of the Northern Ireland Office, as well as the Northern Ireland Departments themselves, and takes fully into account your Private Secretary's letter of guidance on quangos of 17 May.

Quangos

2. With the active help of my Ministerial team I am reviewing the field urgently and thoroughly. We do not propose to retain any which do not pass stringent tests of necessity in the public interest.
3. I am not yet ready to give you a list of the changes I propose. As the Lord Chancellor has said in the context of administrative and other quasi-judicial tribunals, a proper review cannot be completed in such short order. But the review is well under way and I intend to let you have a considered report within a month.
4. My review will be taking into account the following points:-
 - (a) Some quangos in Northern Ireland serve a political need specific to Northern Ireland. One example is the Standing Advisory Commission on Human Rights established in 1973 to help combat discrimination on religious and political grounds in both the public and private sectors.
 - (b) Others carry out functions which are undertaken by local authorities in Great Britain - for example, the Police Authority ~~and the Police Complaints Board~~, Area Health and Social Services Boards, the Housing Executive (which also fulfils the political function I have already mentioned), the Fire Authority, and the Area Education and Library Boards. The very limited powers of local government in Northern Ireland compared with Great Britain argue in some cases for the retention of quangos, as does the continuation of sectarian divisions. But there may be scope for amalgamations and some tidying up operations in this field.

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- (c) Northern Ireland is a relatively small part of the UK. The decision as to whether a particular body should remain or be abolished depends to some extent upon the decision taken by the department concerned about the analogous body in Great Britain. Examples are the Police Complaints Board, the Agricultural Marketing Boards, the Agricultural Wages Board, the Equal Opportunities Commission, the Labour Relations Agency, the Health and Safety Agency, the Industry Training Boards, the Sports and Arts Councils, the Tourist Board, the Schools Examination Council, Museums and the Harbour Authorities. There is, of course, no necessity for Northern Ireland to follow GB slavishly, but our final decisions ought to show a certain consistency across the board where this is appropriate. Differences in legislative procedures in GB and NI will need to be taken into account. I shall be consulting my colleagues about this category of quangos as my review progresses. There are good prospects of reduction and amalgamation.
- (d) The future of nationalised industries and commercial companies in which the Government has a shareholding is being looked at in parallel with the overall exercise which the Chancellor of the Exchequer is conducting in GB.
- (e) For the rest there are good prospects of action on the agricultural side, for example the Milk, Pigs and Seed Potato Marketing Boards and the partially Government-funded Agricultural Trust. I am also looking critically at the Fair Employment Agency.

While my review is in progress I am either deferring new appointments to the bodies concerned or making it clear that any new appointments carry no implications about the future of the body concerned.

Promotion of Efficiency and Elimination of Waste

5. This programme will require constant attention throughout the life of the Government, but we must start as we mean to go on. It will run parallel to the many savings exercises that we are conducting on staff costs and non-pay expenditure reductions. Under this heading I propose particularly to pursue economies in law and order programmes for which I am responsible and which are exempted from arbitrary percentage and quantitative cuts. A determined attack is being made on police and prisons overtime by reducing financial provision for this item over the next three years, and I intend to continue to pursue these and other means of improving the efficiency of law and order forces and eliminating waste consistently with planned increases in force numbers and effectiveness in pursuit of our law and order policies. I have in addition within the NIO - though the savings are

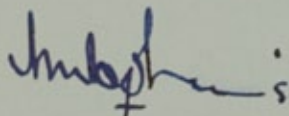
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small - reduced the costs of newspapers and periodicals by 11% and the number of telephones by 14%. I shall continue to look for economies in these areas and in air travel, accommodation and hospitality expenditure.

6. Comparable action is in hand in the Northern Ireland Departments, where a saving of £½m in general administration expenditure is being made as part of Northern Ireland's share of the 1979/80 public expenditure cuts. The 3% reduction in civil service manpower costs will be matched by a renewed effort to reduce expenditure on office equipment, postal and typing services, travel and other day-to-day expenditure.

7. I am copying this minute to Members of the Cabinet, the Minister of Transport, Sir John Hunt, Sir Ian Bancroft and Sir Derek Rayner.



JP HUMPHREY ATKINS
(Signed on behalf of the
Secretary of State in his absence)

6 June 1979

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6 JUN 1979
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13
NEW ST. ANDREWS HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

PRIME MINISTER

REVIEW OF QUANGOS

I have full or shared responsibility for some 330 "quangos". In the time available since we decided on the review my officials have produced a preliminary assessment of the need for those for which I am solely responsible and a number of the others. Within this total, there is clearly scope for some deletions; and with my colleagues in the Scottish Office and the other Ministers involved I am now urgently examining each body on the basis that the case for its retention has to be proved. I see no alternative to this case by case approach. My quangos are very diverse in origin and purpose, and where executive functions are involved the first question to be asked is whether the functions need to be discharged at all.

At this stage, however, I am not able to go along with the suggestion from the Minister of Agriculture that we should list potentially disposable quangos in a Bill. It seems to me far better to reach a view and then legislate, if legislation is necessary. Otherwise we will list some we ultimately decide to retain, but in such cases we will have offended the members, alarmed the staff and reduced the efficiency of the body to no good purpose.

I am copying this to the other Members of the Cabinet, the Minister of Transport; Sir John Hunt; Sir Ian Bancroft and Sir Derek Rayner.

C.M.

6 June 1979

SECRET
NO FOREIGN DISSEM
EXCERPTS FROM
SECRET

-7 JUN 1979





NEW ST. ANDREWS HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

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PRIME MINISTER

This is the interim report which you asked to receive by 7 June on the progress I have made in reducing staff numbers and waste in my Department.

Staff Numbers

When I arrived my Department had already prepared contingency plans for a 2% reduction in manpower during this year. To preserve the position while these plans were being drawn up, they (covertly) operated a virtual recruitment freeze since the end of March. They have now identified posts which can be saved and which will give two-thirds of the required 3% for this year. The posts identified for saving are the result of staff inspection, the completion of tasks intended to take only a limited time, some reduction in work, and a general tightening of the belt.

To reach 3% (exclusive of staff in the prisons and the State Hospital), we shall have to rely on a continued freeze on recruitment which for the Scottish Office will certainly have to last longer than the 3 month period which we now envisage nationally. It may have to last for the whole year. For the continued operation of the very wide range of functions in the Scottish Office there will have to be a few exemptions to this freeze; but I am seeing to it that these are kept to the minimum, and I am writing to the Lord President about them in compliance with what you said at Cabinet on 31 May. Cuts in staff beyond this means eliminating tasks: I am already examining this.

Waste

We must achieve greater economy in telecommunications and on travel and subsistence costs. For these last we intend to allocate targets of maximum spending to accountable units below the level of Departments (travel and subsistence is, of course, a substantial item, given the spread of our offices in Scotland and our remoteness from London). The

CONFIDENTIAL

enforcement of existing cash limits for this expenditure will already force a volume reduction of expenditure on travelling etc of 5%, and this reduction will be more as fuel and therefore travel costs rise still further during the year.

I am copying this minute to the Lord President.

C.H.

6 June 1979



HOME OFFICE
QUEEN ANNE'S GATE LONDON SW1H 9AT

6th June, 1979

Dear Ken,

REVIEW OF QUANGOS

You asked in your letter of 17th May for a progress report by today on the review of Quangos.

The Home Secretary has requested and received a complete analysis of those non-Ministerial public bodies concerned, including advisory committees, within his field of Ministerial responsibility. He is now engaged in a case-by-case review of these bodies and expects to be in a position shortly to report his conclusions about most of them.

In some instances, his view of the body concerned will be determined wholly or in part by broader policy considerations in the field in which they operate, and his final conclusions in those cases may have to be deferred.

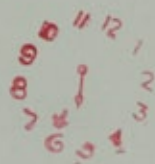
As to measures to eliminate waste and promote efficiency, the Home Secretary is to see Sir Derek Rayner tomorrow, 7th June, and a number of possibilities are to be discussed at that meeting. Apart from those, we are already engaged domestically in the quest for measures to promote more economical administration, both by saving in material resources and by more streamlined working methods. The Permanent Under-Secretary of State is addressing instructions to the staff on this topic. All this goes above and beyond the continuing process of staff inspection and O & M review, to which all parts of the Home Office are regularly subjected.

I am copying this letter to the Private Secretaries to Cabinet Ministers including the Minister of Transport and to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

Yours ever
John

J. A. CHILCOT

-7 JUN 1979



Telegrams
Hanspensa London. Telex.
Telephone: 01-935 4422

Michael House,
Baker Street,
London, W.1.

from Mr. Michael M. Sacher

5th June 1979

CONFIDENTIAL

Dear Sir William,

I received today a series of enquiries entitled 'Post Office Diary Research' addressed to a house I own in Childs Place. They arrive at a most unfortunate time.

All incoming calls on my telephone in Eaton Place, my private residence, have been wrong numbers for about a week. I am unable to receive incoming calls on my own number (235 0493). In spite of personal efforts and intervention by my Head Office personnel; my organisation being a major telephone user, nothing has so far happened to remedy the situation.

As to the enquiry itself, I regard it as a gross interference in my private affairs and the information requested of no concern to the Post Office. I do not propose to complete any of the returns. I can conceive of no way the information can be helpful to the service rendered by the Post Office. I consider this type of enquiry a waste of unnecessary effort and manpower.

I have handed over the whole set of papers to Sir Derek Rayner, and hope that this type of wasted activity by Government employees falls within his scope of enquiry as a result of his recent appointment by the Prime Minister.

Yours sincerely,

Michael Sacher.

Sir William Barlow,
The Chairman,
The Post Office,
23 Howland Street,
London, W1P 6HQ

Central Headquarters

STATISTICS & BUSINESS RESEARCH DEPARTMENT



POST OFFICE

23 HOWLAND STREET
LONDON
W1P 6HQ

Telephone:
Freefone 2342

25/5/79

Dear Mr Sachar

POST OFFICE TELEPHONE DIARY RESEARCH

We are writing to offer you the sum of £2.50 for your assistance in completing the enclosed Telephone Calls Diary.

The Post Office is continually concerned to raise the standard of the services it provides, and a method we have found invaluable in the past is to consult our customers. In this particular case we are writing to selected customers with the request for the help of all members of their household in keeping a telephone diary for us for a period of just over a fortnight.

Would you be willing to help us in this research? A special diary is enclosed in which we would like you to note brief details of all your telephone calls for a period from Sunday, 10 June to Saturday, 23 June 1979 inclusive. (If you do not use the telephone a great deal, or if you are likely to be away from your home for part of this period the information you could provide would still be of great interest to us.) As a token to compensate you for your time and trouble YOU WILL RECEIVE A GIROCHEQUE FOR £2.50 UPON RETURN OF THE COMPLETED DIARY.

A description of the details to be recorded for each telephone call is given on pages 4 and 5 of your diary. All that is required for each call made and received on your telephone (or any extensions) over the diary period is.

The approximate time of call

Whether call was connected by the operator or dialled directed
(only for calls you make — not for calls you receive)

Name of town or village called (or called from)

Approximate length of time the call lasted

IF YOU ARE WILLING TO HELP US IN OUR RESEARCH, could you indicate so on the attached form, and also complete a few further details which will be of help to us in looking at the results, and return this to us as quickly as possible (and before 1 June) in the enclosed (smaller) prepaid envelope WHICH DOES NOT REQUIRE A POSTAGE STAMP. All information is, of course, confidential to the Post Office and will be used only in the form of statistical tables. We also enclose a further prepaid envelope in which you should return the completed diary to us : it will help us if this can be done as quickly as possible after the end of the diary period, and in any case before 2 July.

If you are not clear about any of the details involved, or would like additional diaries to be provided to be placed by any extension telephones you may have, then you can obtain further information or diaries during normal office hours by asking the operator to connect you with FREEFONE 2342, for which you will not be charged.

IF YOU ARE NOT ABLE TO HELP, it would still be of great help to us if you could indicate this on the attached form. It would also help us in planning similar research if you could kindly state why you do not wish to participate, and also complete the further details included. Please return this to us as quickly as possible (and before 1 June) using the enclosed prepaid envelope WHICH DOES NOT REQUIRE A POSTAGE STAMP.

With thanks for your assistance.

Yours sincerely,

G.P. HYETT
Market Research Manager

Job No: 1426

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Name _____

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Address _____

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POST OFFICE TELEPHONE DIARY RESEARCH

Could you please indicate below whether your household would be willing to complete the diary provided for the period Sunday, 10 June to Saturday, 23 June 1979 (inclusive). PLEASE TICK AS APPLICABLE.

YES, WE WOULD BE WILLING TO COMPLETE THE DIARY

NO, WE DO NOT WISH TO COMPLETE THE DIARY

If you do not wish to complete the diary, it would help us to plan future research of this kind if you could kindly give below your reasons for not wishing to complete the diary.

Office Use only
C11
C12-15

Whether or not you will be completing the diary, it will help the Post Office considerably if you could kindly complete the information requested on the following 2 pages.

ALL INFORMATION WILL BE TREATED AS
COMPLETELY CONFIDENTIAL

continued on next page

Office Use
only

Finally, could you answer a few questions about yourself and your household? There is no need to answer these if you do not wish to.

Q2 In what year did you become a telephone subscriber (ie responsible for paying the telephone bill) either at your current address or at a previous address?

PLEASE ENTER YEAR

PLEASE GIVE APPROXIMATE YEAR IF EXACT YEAR IS NOT KNOWN

Q3 Can you please write in the boxes below THE NUMBER OF PEOPLE in your household, including yourself, in each of the following age groups. PLEASE WRITE ACTUAL NUMBER IN BOXES, RATHER THAN JUST TICKING.

CHILDREN 0-10 YEARS
 11-15 YEARS

ADULTS 16-20 YEARS
 21-34 YEARS
 35-54 YEARS
 55-64 YEARS
 65 YEARS OR OVER

C26-27

C28-29

C30-34

C35

Q4 Could you please state the occupation of the head of household. Please be as detailed as you can. (If retired please state so and give occupation before retirement).



PRIME MINISTER

PROMOTION OF EFFICIENCY AND REDUCTION OF QUANGOS

At Cabinet on 10 May we were asked to make a progress report on this by 7 June.

As regards promotion of efficiency and elimination of waste, I am setting up a small team of officials under an Assistant Secretary who will be relieved of a substantial part of his ordinary work for this purpose. This team will work under a small steering group chaired by my Permanent Secretary who will report to me.

I want the team to look at the possibilities for economies without being too fussy about the demarcation between the numerous related exercises on this matter which are now in progress. I think the areas of search should embrace spending on common services, systems of accountability for spending and function-shedding including the pruning of statistical work.

All this now links with Sir Derek Rayner's exercise and your minute of 4 June. I am anxious that the machinery I have described should play a part in selecting our Rayner project and possibly in doing it.

The first fruits of our efforts so far have been to abolish the Annual Census of Employment for 1979 and, subject to agreement with those concerned, to abolish the present weekly count of the unemployed. The first will save the recruitment of 500 casual staff for five months and will relieve employers of the need to complete 600,000 forms. The second will make a small saving equivalent to 175 staff units in the Employment Service.

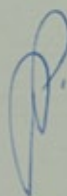
As regards Quangos, we are now seeking the Queen's approval for the winding up of the Royal Commission on the Distribution of Income and Wealth.

The Manpower Services Commission are conducting a survey of the Industrial Training Board system; I shall be taking steps to ensure that this survey is sufficiently searching and in particular that it takes full account of public expenditure considerations including the possibility of reducing the number of Boards.

I shall be taking a look at the possibilities of doing away with one or two Wages Councils.

I shall be encouraging the agencies in the DE Group apart from the Department itself to comb through their numerous advisory bodies, and to mount their own efforts on the efficiency front.

I am copying this to Cabinet colleagues, to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.



J P

5 June 1979

CONFIDENTIAL

SECRETARY OF STATE

cc Minister of State
PUS (Mr Lamont)
PUS (Mr Moore)
Deputy Secretaries
PPS/Prime Minister

At Cabinet on 10 May it was agreed that Ministers should consider a reduction in the "Quangos" for which they were responsible and put in Progress Reports by 7 June.

2 We have no true "quangos", except for AEA who are in rather a special case, but the decision goes much wider than the normal definition. We are involved with six main groups:

- a) Nationalised Industries - (NCB, BGC, Electricity Council and Boards) - being covered by the Chancellor's exercise.
- b) BNOG - a comprehensive review is in progress.
- c) BP - Treasury are taking the lead and we are in touch.
- d) AEA - see item 4 on attached list.
- e) The various Consumer Councils - primarily the responsibility of Department of Trade but being covered in the Chancellor's exercise.
- f) Various Advisory Councils and Committees - all with unpaid members - described in items 6-12 of the attached list.

3 You will note that three of the bodies - Severn Barrage Committee, Offshore Safety Inquiry and the Advisory Committee on Fixed Offshore Installations - have a limited life.

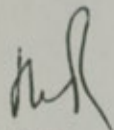
4 I think that at the end of the day you will want to send in a holding reply on some of these bodies, eg the Energy Commission.

/But

CONFIDENTIAL

CONFIDENTIAL

But as a first stage you might want to have a meeting with your Ministerial colleagues here and myself to review the scene.

A handwritten signature in dark ink, appearing to be 'JH' or similar initials, written in a cursive style.

4 June 1979

CONFIDENTIAL

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REVIEW OF QUANGOS

1. Energy Nationalised Industries

These will be covered along with other nationalised industries in a letter being prepared by the Treasury, in consultation with Departments, for the Chancellor's signature. (But see 2 below regarding BNOG).

2. BNOG

The Secretary of State is now conducting the comprehensive review of BNOG to which the Government is publicly committed and the aim is to put proposals before colleagues before the end of June. In consultation with Treasury Ministers, consideration is also being given to the scope for an immediate commitment, in the context of the budget, to dispose of certain of BNOG's North Sea assets to raise up to £300 million in 1979-80.

3. British Petroleum Company

Treasury are taking the lead in respect of BP, as they hold the Government's shares in the company.

4. Nuclear

AE Division have provided the draft contribution at Appendix A. In broad terms this:

(a) argues that there is an indisputable case for maintaining the United Kingdom Atomic Energy Authority in being, though there may be a need to consider its precise role and its relationship with other bodies as our nuclear policies develop;

(b) suggests that in current circumstances an early sale of shares in British Nuclear Fuels Ltd is not a realistic option;

(c) proposes a re-examination of the question of private participation in the highly successful Radiochemical Centre (TRC), noting that legislation would be required to dispose of more than 49 per cent of the UKAEA's shares in the company. (AE Division will be putting up a separate submission on this).

AE Division do not consider that the National Nuclear Corporation falls within the scope of the current review.

5. Coal, Gas and Electricity Consumers' Councils Gas and Electricity Area Consumers' Councils

These are now primarily the responsibility of the Department of Trade but we understand that they are being covered in the Treasury paper on nationalised industries.

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6. Commission on Energy and the Environment (CENE)

This was set up "To advise on the interaction between energy policy and the environment," and the Department is concerned with the body in concert with the Department of the Environment. It is a potentially useful body and should be looked at in relation with the Energy Commission. (See 7 below).

7. Energy Commission

This was set up to assist the Secretary of State for Energy on the development of a strategy for the energy sector in the UK and to advise the Secretary of State on such specific aspects of energy policy as he may from time to time refer to them. It has been disappointing so far. However it could play a useful role in bringing together the various interests in the energy field. Propose therefore that it should continue for the present: look at its working and its relationship with the Commission on Energy and the Environment (para 6 above) and review again in a year's time.

8. Advisory Council on Research and Development for Fuel and Power (ACORD)

ACORD advises the Secretary of State annually on the R and D programmes of the nationalised energy industries and on the Department's own increasingly important R and D programme. It is chaired by the Chief Scientist. It is the premier body on energy R and D and enjoys a high reputation in the technical world. It is regarded as a very valuable body and should be retained.

9. Severn Barrage Committee

Set up in 1978 to advise and assist the Secretary of State in reaching a decision on whether to proceed with a scheme for harnessing the tidal energy of the Severn Estuary: chaired by the Chief Scientist and initiated a programme of R and D costing about £1 million up to Autumn 1979. It is valuable and performs important functions. Can be expected to have a limited, though perhaps extended, life and future dependent upon developments on Severn Barrage.

10. Advisory Council on Energy Conservation

The terms of reference of the Council include identifying fields in which improvements in energy use could be achieved, advising on means of realising them, stimulating and maintaining public interest in energy conservation and reviewing progress made. On the whole the Council has done a good job up to now. The period of appointment of the current Chairman and members expires in October and EC Division are considering its future structure and role: they are proposing a later submission to Ministers.

11. Offshore Safety Inquiry

Set up in December 1978 to review offshore safety regulations and procedures. This is a one-off independent inquiry and the Committee will be disbanded as soon as it has reported - latest target date for their report is the end of this year.

CONFIDENTIAL

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12. Advisory Committee on Fixed Offshore Installations (ACOFI)

You will have seen a copy of Mr Custis' minute to Mr Liverman (and on to PS/Secretary of State) about the resignation of Sir Kirby Laing. The burden of Mr Custis' minute was that the Committee would be allowed to fall in to disuse until Burgoyne (Offshore Safety Inquiry at para 11 above) reports and its future can be decided. Unless Burgoyne comes out strongly for a committee such as ACOFO - understood to be unlikely - we should proceed to wind it up. PED support this line.

13. Offshore Industry Liaison Committee

Under the previous administration this was seen as a useful forum for discussions between labour and management in the presence of the Minister of State. Provided officials and Ministers willing to arrange "ad hoc" tripartite meetings as appropriate no great loss seen from its abolition. But management and unions have expressed views that Committee of value to them, and opposition to its demise to be expected. Suggest consult Minister of State.

14. Offshore Energy Technology Board (OETB)

Advises the Chief Scientist on the R and D we should support on offshore technology. Enables the Department to have access to a range of informed technical and commercial advice to aid our decision taking. A very important part of our offshore R and D system and the Board's advice provides a strong justification for our subsequent financial support for R and D activity in industry, Government laboratories etc. Suggest Ministers be advised that the OETB should continue.

* The Secretary of State appoints the Chairman and members of the Advisory Bodies covered by paras 7 to 14. All receive expenses only.

CONFIDENTIAL

DRAFT CONTRIBUTION TO SECRETARY OF STATE'S REPLY TO NUMBER 10

On the nuclear side, the main fringe body is the UK Atomic Energy Authority (UKAEA) whose primary responsibility is to carry out a wide range of research and development in support of our nuclear power programme. Given the importance of the nuclear option in our long-term energy policy and the international standing which they have acquired over the years, I think that there is an indisputable case for maintaining the Authority in being. It may be that we shall want to revise its precise role and relationships with other bodies in the nuclear field as we come to consider aspects of its work, particular the fast reactor which is the largest single project in the Authority's programme. But the best course would be to take these points as they arise and as our nuclear policies develop rather than try to anticipate them now.

The UKAEA has two wholly-owned subsidiaries, British Nuclear Fuels Ltd (BNFL) and The Radiochemical Centre Ltd (TRC), which we also ought to consider.

When the disposal of shares in BNFL was last considered in 1973/74, we took the view that uncertainties about the speed of nuclear development suggested that BNFL was not a candidate for immediate sale to the private sector. This is still the case today. BNFL is involved in an area of advanced technology, both in the centrifuge project and reprocessing, and these activities are inevitably subject to action by overseas governments. The growing public and international concern about safety and proliferation have increased the need for close Government involvement in companies such as BNFL. I doubt whether the early sale of shares in BNFL is a realistic option.

The position is however different with TRC, a small but rapidly expanding company which has a first-rate record in its business of producing radioactive materials for use in medicine, industry and research. When we considered the company in 1973/74, we decided that it was a good candidate for private participation but that before a public flotation took place the Company should complete the introduction of an improved systems of product costing and obtain one or two years' Accounts based on it. I am asking my officials

/to

to examine the possibilities again in the light of the Company's current circumstances, which include a very profitable record over the last few years. Legislation will be needed if we want to dispose of more than 49 per cent of the ABA's shares in the Company.



-4 JUN 1979



10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. M1/79T

MINISTERS IN CHARGE OF DEPARTMENTS

THE RAYNER PROJECT

I have discussed with Sir Derek Rayner how he should help us to promote efficiency in, and eliminate waste from, central Government administration.

He recommends, and I agree, that he should now undertake three tasks, as follows:

(a) Mount a public and eye-catching demonstration of how far the citizen, business and industry are overburdened with forms and requests for information: Sir Derek Rayner will be getting in touch with Ministers concerned about this.

(b) Examine the general practices and conventions in Government which are barriers to the effective management of business and resources by Ministers and their officials: Sir Derek Rayner will initiate this under my direction following his meeting with Permanent Secretaries on Wednesday 6 June.

/ (c)

(c) In collaboration with Ministers, examine selected specific activities and functions in particular Departments which may be unnecessary or too costly and wasteful. This examination must question all aspects of the work normally taken for granted.

I should be grateful if, for this third task, Ministers would, first, nominate a Minister of State to direct the work to be done in their Departments and, secondly, in consultation with their Permanent Secretaries, nominate a suitably qualified young official at Principal level to undertake it in consultation with Sir Derek Rayner and under the Minister of State's direction. It may be desirable later to provide technical support for the official concerned and, in certain larger Departments, to add one or two more Principals in due course. The names of designated Ministers and officials should be sent to Sir Derek Rayner at the Cabinet Office by 8 June.

I should also be grateful if, again in consultation with their Permanent Secretaries, Ministers would suggest to Sir Derek Rayner some activities and functions in their areas of responsibility which would be appropriate for this critical examination. The responses by Ministers to the Cabinet decision of 10 May have an obvious connection with this, and I should be grateful if copies of replies due on 7 June could simultaneously be sent to Sir Ian Bancroft and Sir Derek Rayner.

I hope that these departmental studies can begin very early in July and, in most cases, be completed within three months. I envisage that the outcome would in some cases be published as exemplary and that all of them will enable us to draw out and follow up lessons of general application.

I am copying this to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

Rayner Helton

Gab
Maclurey

Mr. Stowe

THE RAYNER PROJECT

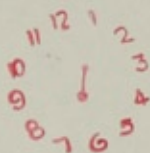
I noticed over the weekend that the
draft minute for the PM is entitled THE
RAYNER REPORT. It should be PROJECT.

(I think the use of "REPORT" is due to a
mistake in this office, for which I apologise.)

Gp

4.vi.79

- 4 JUN 1979





10 DOWNING STREET

From the Private Secretary

4 June, 1979

filed
Bij 12.6.79

The Prime Minister has considered the Lord Chancellor's minute of 29 May about the treatment of administrative tribunals in the review of quangos.

She accepts that it would be inappropriate for the Lord Chancellor to undertake a review across this entire field, and she has noted his alternative proposal. Before deciding whether to proceed on these lines, she would be grateful for the Lord Chancellor's further advice as to whether this would be a worthwhile and productive exercise.

I am sending copies of this letter only to David Laughrin (Civil Service Department), Martin Vile (Cabinet Office) and to Clive Priestly in Sir Derek Rayner's Office.

Ian Maxwell, Esq.,
Lord Chancellor's Office.

M. A. PATISON

llkm

MANAGEMENT IN CONFIDENCE



FOOT
MACHINERY

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALING 01-218 2111/3

MANAGEMENT IN CONFIDENCE

MO 8/14

PRIME MINISTER

THE SEARCH FOR ECONOMY

Present Background

The Ministry of Defence is concerned to ensure that resources allocated to defence are concentrated on essential defence needs and not dissipated in excessive administration or unnecessary frills. The decisions of our predecessors compelled this approach and I am re-emphasising it now.

2. Even before the unified Ministry of Defence was set up in 1964, certain functions of the Service Ministries had been rationalised, eg much of their purchasing under the Ministry of Supply, and their works departments into the Ministry of Public Building and Works (now the Property Services Agency). Since unification the search for economy has continued. Rationalisation both within and between the single Services, so far as it is compatible with essential operational control, has been pursued as a matter of deliberate policy in the supply and logistics area; for example the supply of nearly 25% of the three million items in MOD stocks is managed by a single Service on behalf of all three (many of the remaining items being unique to single Services). Examples include motor vehicles and spares, food, accommodation stores, aviation fuel, medical spares, and clothing.

3. I believe you will wish to know the scale of recent cut-backs. Eighty Army establishments have been closed, and the number of active RAF stations in the United Kingdom reduced by over 40% from 166 to 97. 82,000 acres of land have been disposed of. By the end of this year eight Fleet Support Establishments will have been closed since 1974. The Command structures of all three Services have been streamlined with large reductions in their staffs.

/ Our ...

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2.

Our R&D establishments have been reduced from 25 to 12. Accounting systems and internal audit arrangements have been centralised. In a number of areas, such as statistics, contracts, management services, and Defence Police, separate staffs have been brought together into a single organisational unit. Military and civilian staff in MOD headquarters have been cut by 13% and 14% respectively since 1973/74. Senior staffs (Under-Secretary and the Service equivalent and above) have not been neglected - they are down by 9%. Considerable savings have also been made in general administrative expenditure in areas such as travel, communications, printing and stationery (a real reduction of well over one-third).

External Constraints

4. There are a number of external factors and pressures, some of them inescapable, which militate against the search for economy. There are increasing demands to provide financial information to the Treasury and to Parliament, and the staff effort involved is compounded by the compressed time-scale within which the figures often have to be produced. Other demands on staff have arisen or are likely to arise from the requirements of the Health and Safety legislation and from any public right of access to official information. Thirdly, since money unspent at the end of the year has to be surrendered and cannot be recovered, there is a natural tendency to bring expenditure forward when potential underspending - frequently caused by unexpected manufacturing delays - is identified. A financial system which recognised that management is a continuous process would avoid the kind of pressure that leads to the inclusion of second priority items to mop up underspending. Some ideas in this area have already been given to Sir Derek Rayner. Fourthly, the dispersal programme would add a significant extra manpower bill in both the short and longer term, as well as extra support costs. I have already set in hand a new assessment of this.

Further Measures

5. Notwithstanding all this I have begun already to intensify efforts in the search for economy in these areas, but in addition I propose to arrange for:

/ a. ...

MANAGEMENT IN CONFIDENCE



MANAGEMENT IN CONFIDENCE

3.

- a. The Minister of State to lead an initial investigation into our procurement processes (from the stating of the requirement to delivery) - this is a major task and one where we must always be concerned to secure value for money and continued cost consciousness;
- b. The three Parliamentary Secretaries each to lead studies of activities within the three Services and in three particular areas - the use of energy in all its forms; movements (where we spend about £180M a year); and the defence estate;
- c. A review of all committees;
- d. The collection of suggestions from the staff - military and civil - for cutting waste. I should want to offer a limited number of financial prizes to give some extra incentive.

I should be glad for Sir Derek Rayner, who has already had a talk with my Permanent Secretary, to be associated with these activities if he wishes.

6. We agreed in Cabinet to have a special look at QUANGOs; but the involvement of the Ministry of Defence with bodies of this kind is so small (£16,000 a year in total cost) that I do not think that a detailed examination would produce any worthwhile results.

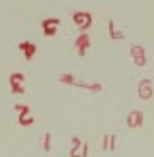
7. I make these suggestions quite separately from my consideration of the Lord President's proposals for savings in Civil Service numbers, on which I have written to you already to the effect that I shall be looking positively at the scope for further savings.

8. I am copying this minute to the Chancellor of the Exchequer, the Lord President, and Sir John Hunt.

4th June 1979

MANAGEMENT IN CONFIDENCE

MANAGEMENT IN CONFIDENCE



-4 JUN 1979

CONFIDENTIAL



file B

10 DOWNING STREET

From the Private Secretary

4 June 1979

The Prime Minister has seen your Minister's minute of 24 May about the review of quangos. She will consider his proposal when she has received Ministers' initial returns on the possibilities for elimination and slimming down of quangos.

At this stage, I am copying this letter only to David Laughrin (Civil Service Department) and to Martin Vile (Cabinet Office).

M. A. PATTISON

G. R. Waters, Esq.,
Ministry of Agriculture, Fisheries
and Food.

f. van



10 DOWNING STREET

PRIME MINISTER

I attach a minute for you to send to Ministers in Charge of Departments about Sir Derek Rayner's work and, in particular, his drive into unnecessary and wasteful activities in Departments. It has been agreed with Sir Ian Bancroft and Sir Derek Rayner.

K.R.S.

1 June, 1979.

PRIME MINISTER

After Cabinet discussion on 10 May, Ken Stowe wrote around to Cabinet Minister's Private Secretaries seeking a progress report on reduction of "quangos" by 7 June. We should therefore have something to show to you next weekend on the individual responses of Ministers.

Two specific issues have been raised in the meantime. First, Mr. Walker (Flag A) has suggested a short Bill enabling Ministers to abolish quangos in their fields. Sir Ian Bancroft (Flag B) suggests that it would be best to postpone a decision on this proposal until the review has produced results.

E

A final decision on which quangos are to be abolished will not be reached at the first stage of the review but we should have some idea of the scale of the exercise quite soon. Should I therefore say that you ~~have taken note of Mr. Walker's proposal~~ ^{consider Mr. Walker's proposal} and will wish to ~~come back to it~~ when you have seen the initial returns from Ministers about the possibilities of elimination and reduction of quangos?

M

Lord Hailsham (Flag C) argues that he cannot usefully tackle administrative tribunals as part of the general quango review. He suggests that each Minister might be invited to review tribunals within his own province, and he suggests terms of reference for this exercise. It cannot now be completed by 7 June; Lord Hailsham suggests that Ministers could be asked to carry it out by the end of June, reporting the results to Sir John Hunt, who can then circulate a compilation as a separate Cabinet paper. Are you content with this?

How the L.C. should be
arrange with this? MAF

Handwritten initials/signature

- Miss Patten

Govt Mach

MR C PRIESTLEY

cc David Laughrin
PS/Sir Ian Bancroft
Mr P Mountfield, CO
Mr J Beastall, CSD
Mr D R Allen, Rm 306 CO

THE RAYNER PROJECT

Your minute of 29 May: we have since spoken.

Sir Derek is seeing the Prime Minister today and I write in advance of that discussion.

A point I must make at the outset is that I think it would be inappropriate for him to meet the press at Marks & Spencer's headquarters. If this is to happen, I am sure it should take place under official auspices and in the context of his new task. I am sure this should not be seen, however obliquely, as a delegated task with Marks & Spencer overtones.

A more ascetic meeting (without drinks) in a committee room in the Cabinet Office, might be more appropriate.

Timing is vital. Though even more vital is whether Sir Derek wishes to project himself at this stage. We have explained his role as that of consultant to Departments rather than as Executive. And there is a danger in projecting him that he will be assumed to have a role more appropriate to departmental managements. This can best be determined in the light of today's discussion with the Prime Minister and the way things evolve. I am sure no meeting should take place until after Sir Derek's return (after 22 June) because it would be unfortunate to leave an impression of dynamism, to be followed immediately by absence overseas.

There is no obligation to respond to all the requests contained in your appendix. My own view is that the selection of journalists should be based on both the role of the publication they represent and their individual interests. Thus I would seek to concentrate on management journals and business editors. I should be happy to discuss with you the collation of a reasonable cross section. Nor need Sir Derek accept invitations from television and radio unless he wishes to. Again the nature of the press conference would determine this - on the record, not attributable? I am sure Sir Derek is right to refrain from going public to the extent of soliciting advice. "That's Life" with all its aspirations is probably one of the most irresponsible programmes on the air: and the crank letters that he fears would be superb television fodder for Miss Rantzen.

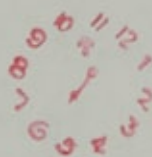
Depending on how his role should evolve, the suggestion that Sir Derek might propagate an appeal to the Service itself is more attractive. But in saying this I had not formed the view that Sir Derek was to be seen as a catalyst. This would be a matter for policy determination. Again, I think the meeting with Permanent Secretaries on 6 June will give a better lead.

I suggested that you might like to look to the No 10 Press secretariat for advice if you wish. I merely record that we are at your service. Perhaps we could discuss further.

A handwritten signature in black ink, appearing to read 'H. L. James', with a long horizontal flourish extending to the right.

Henry L James
10 Downing Street
31 May 1979

- 1 JUN 1979





10 DOWNING STREET

From the Principal Private Secretary

SIR DEREK RAYNER

The Rayner Project

The Prime Minister read your memorandum of 24 May and discussed it with you, Sir Ian Bancroft and Mr. Priestley on 31 May.

The conclusions reached were as follows:

- i. The Prime Minister welcomes your suggestion of "an eye-catching demonstration to illustrate that central Government has over-burdened the citizen". She will lend her support to this and awaits a specific proposal from you, in consultation with the Ministers concerned.

- ii. She initially had reservations about your proposal to appoint a small high-quality team in each Department to look into Departmental functions. She agreed, however, that it would be right to ask each Secretary of State to nominate a Minister of State to whom a bright, tough, young Principal could work on the twin tasks of identifying wasteful activities which could be cut throughout the Department and identifying specific areas of activity where the functions themselves could be cut out or reduced. Particular attention should be given to the activities and costs of Advisory Committees, and ^{of} other departmental units which might not be included among Quangos as such. The Manpower Services Commission should not be overlooked in this exercise, and the Secretary of State for Employment should be asked to secure the agreement of the Chairman of the Commission to participate in it. The Prime Minister undertook to minute her colleagues generally on this matter and Mr. Priestley will furnish a draft for this purpose.

/iii. The

233

iii. The Prime Minister agreed that Service-wide rules and procedures of the kind that you mention in paragraph 3(c) of your minute should be examined.

iv. She noted that you will be speaking to Permanent Secretaries at Sir Ian Bancroft's meeting next Wednesday.

v. The Prime Minister agreed that you should see copies of all the reports ^{from Ministers,} due to reach her by 7 June, about their action on waste and efficiency following the Cabinet decision of 10 May. Her minute to Ministers referred to above would ask for these reports to be copied direct to you so that you could have them taken out to you for consideration while you were in Canada.

The Prime Minister has left it open to you to consider, in consultation with Sir Ian Bancroft and the Permanent Secretaries concerned, whether the young Turk who is to be put to work in each Department should be expanded to a group of two or three in, e.g. the larger Departments where there are several distinct areas in which each could work.

The Prime Minister would welcome a further progress report at the end of June. I am copying this to Sir Ian Bancroft and Sir John Hunt.

K.R.S.

31 May 1979

cc PS/Sir Ian Bancroft
PS/Sir John Hunt
Sir Derek Rayner

Mr STOWE

THE RAYNER PROJECT

I attach a draft Minute to Ministers as requested at this afternoon's meeting with the Prime Minister. I have read a draft to Sir Ian Bancroft and Sir Derek Rayner, but they have not seen the text. In case of need, 'phone numbers for this evening are:

Sir DR: 286 5532

CP 624 8691

~~CP~~
C PRIESTLEY
233 8224

31 May 1979

2ccs
+ Bancroft.

DRAFT OF 31 MAY 1979

~~MINUTE TO~~ MINISTERS IN CHARGE OF DEPARTMENTS

THE RAYNER REPORT

I have discussed with Sir Derek Rayner how he should help us to promote efficiency in and eliminate waste from central Government administration.

2. He recommends and I agree that he should ^{now} undertake three ~~tasks~~ ^{tasks} exercises, as follows:

Mount ^{public and eye-catching} ~~a~~ demonstration ^(of the ~~work~~ how far) that the citizen, business and industry are overburdened with ^{forms and} requests for information: ^{Sir D.R. will be getting in touch with Ministers concerned about this.}

C. In collaboration with Ministers, ~~an examination~~ ^{selected} ~~some specific practices and functions~~ of topics ~~of~~ some common to the Civil Service as a whole

and some distinctive of particular departments. This ~~examination~~ ^{must} ~~should~~ ~~ask~~ ~~awkward~~ ~~questions~~ ~~like~~, "Why is ~~under examination~~ ~~which~~ ~~are~~ normally taken for this work done at all? Why is it done as it is? How ~~granted~~ could it be done more efficiently and more effectively at less cost?"

b. ~~an Examination~~ ^{the general practices and conventions in Govt which are} of the barriers to the effective management of business and resources by Ministers and their officials: ^{further Sir D. Rayner will shortly take initiative his under my direction following his meeting with Pers. Secs. on Wed 5th. June.}

3. ~~The shape and character of the first and third of these exercises will be set out in due course.~~ ^{mainly} The purpose of this ~~minute~~ ^{I should be grateful if} is to ~~invite~~ ^{would now} Ministers to ~~make~~ the arrangements for ~~the~~ ^{this} task the second, so as to enable us to show further that we are

Which acts as barriers are wasteful and unnecessary

conventions

in consultation with Sir D. Rayner, who is

honouring our commitment to cut out waste and needless cost.

first,
 nominate a Minister of State to direct the work to be done in their Depts. and,
 secondly,

, for this third task,

4. I should be grateful if Ministers would in consultation with their Permanent Secretaries, nominate an official at Principal level to undertake a study and to report directly to the Minister of State in charge of it. The study should be radical; it may be desirable later to provide technical support for the official no questions should be barred; and the official should be concerned and, in certain cases, to add one or two more Principals of a suitable quality and personality for the task, a "flyer".

Initially, I invite each Minister to nominate one official to carry out one review; as the need arises, more reviews may be undertaken; but the fact that we are beginning on a narrow front makes it all the more important that the topic and the designated Minister and official should be well chosen. The names of officials should be sent to Sir Derek Rayner at the Cabinet Office by 8 June. he will later liaise with Ministers on the appointments and on the topics to be included.

5. I should also be grateful if, again in consultation with their Permanent Secretaries, Ministers would suggest functions in their areas of responsibility, to Sir D.R. - practice and for critical examination. taking account of 2b above. individuals who have been Sir Derek Rayner will liaise with Departments about the choice nominated and about the choice of topics and the method of review. The responses by Ministers to the Cabinet decision of 10 May have an obvious connection with this and I should be grateful if copies of replies due on 7 June could simultaneously be sent to Sir Ian Bancroft and Sir Derek Rayner.

6. ~~As for timing, I should like the studies to~~ ^{hope that} ~~begin very~~ ^{Dept's} ~~early in July and~~ ^{reviews} ~~be completed expeditiously.~~ ^{ed} ~~Most studies~~
~~should not take more than~~ ^{in most cases} ~~three months,~~ ^{within} ~~but the timing must~~
~~obviously reflect the nature of the study and this can be~~
~~settled in discussion with Sir Derek Rayner.~~ ~~We should~~ /
envisage that some ^{reviews} ~~studies~~ would be published as exemplary
and that the ^{all of them} ~~object of the exercise is to~~ ^{will} enable us to draw
out and follow up lessons of general application.

7. I am copying this to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

800
97
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1
MAY 1979

1. The first part of the report is devoted to a very
brief review of the work done in the field of
theoretical physics during the last few years.
The second part of the report is devoted to a
discussion of the present status of the theory
of elementary particles. The third part of the
report is devoted to a discussion of the
present status of the theory of the
strong interactions. The fourth part of the
report is devoted to a discussion of the
present status of the theory of the
weak interactions. The fifth part of the
report is devoted to a discussion of the
present status of the theory of the
unified field theory.

2. I would like to thank the organizers of the
conference for their hospitality and for
providing me with the opportunity to
participate in this conference.

CONFERENCE

III

MR K R STOWE

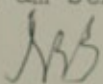
REVIEW OF QUANGOS

I have a copy of the minute from the Minister of Agriculture to the Prime Minister of 24 May suggesting that if a significant number of quangos (set up by Act of Parliament) are to be abolished, the simplest course might be a short Bill conferring on Ministers a power to make Orders abolishing the quangos in their field.

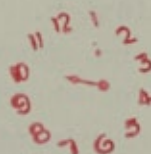
2. This idea has clearly considerable attraction; but it could also raise difficulties. In some cases all that may be entailed is the straightforward abolition of a body. But in others, and very possibly in the more important cases, abolition will be associated with policy changes involving alterations to the nature of existing statutory functions and the powers of Departments or other bodies. For example, the proposed abolition of the Price Commission will be associated with major changes in competition policy involving amendment to existing legislation affecting the role and powers of the Secretary of State for Trade, the Director General of Fair Trading and the Monopolies and Mergers Commission. In that case, amendment of existing legislation will be effected by a Bill especially for that purpose. It must be doubtful whether it would be proper or indeed desirable to effect major amendments of primary legislation of that nature by subordinate Order as a consequential of the abolition of a quango. This would particularly apply if a Government Department or other public body were to be given new or extended powers, since it would normally be expected that the nature of these and related questions such as safeguards for the citizen should be subject to the full Parliamentary scrutiny applicable to primary legislation.

3. I wonder whether the best course in these circumstances might be to suspend judgement on the nature of the appropriate legislative vehicle until it is known what bodies are to be abolished as a result of the review and what, if any, associated policy changes will require amendment of existing legislation. At that stage, consideration could be given in consultation with the lawyers to the propriety and desirability of proceeding by subordinate Order.

I am sending a copy of this minute to Sir John Hunt.


IAN BANCROFT
30 May 1979

31 MAY 1979



PRIME MINISTER

You are seeing Sir Derek Rayner at 1430 tomorrow. Sir Ian Bancroft and Ken Stowe will also attend. I have put to you separately Sir Derek's proposal that he bring his "Chief of Staff".

Flag A below is Sir Derek's earlier submission to you, which is the basis for your talk tomorrow. You expressed some doubts about paragraph 3(b), commenting that this was like the old PAR system. At Flag B Sir Ian Bancroft suggests that this is not what he had in mind, but he proposes that this is a point well worth pursuing in the meeting.

MAD

30 May 1979



10 DOWNING STREET

From the Private Secretary

MR. VILE
CABINET OFFICE

Sir John Hunt left me last night his copy of the attached minute from Mr. Priestley to Henry James, after drawing attention to the proposal that Sir Derek Rayner should launch himself publicly with a press conference at Marks and Spencers.

I understand that this was tentatively scheduled for today. Mr. James is firmly advising that:-

- (i) Any such press conference should not take place until after Sir Derek has had his proposed discussion with the Prime Minister: this will probably be tomorrow afternoon;
- (ii) If he then decides to hold a press conference, it should not be at M & S.

M. A. PATTISON

RC

30 May 1979

Mr Vile

Sir J Hunt may like to know about this, esp in view of X.

cc Mr Laughrin,
P/S to Sir Ian Bancroft 295. ^{RA}
✓ Mr Mountfield, CO
Mr Beastall, CSD
Mr Allen, Rayner Team



Mr H L JAMES

THE RAYNER PROJECT

I have discussed with Sir Derek Rayner how he should respond to requests from journalists (see attached list) and related publicity matters. The purpose of this minute is to seek your advice on the journalists and to see whether you have any comments on the other points set out below.

Journalists

2. Sir DR has so far stalled the journalists, but thinks that he should now offer them a drink and a press conference at M&S headquarters in Baker Street. He discussed this in general terms with the Lord President and Sir Ian Bancroft on 22 May. On balance it seemed right to see the journalists at this early stage when the fresh face of the novice might be more appealing than the veil of the initiate later on. The point is that Sir DR is now beginning a round of consultations with Ministers and senior officials which will lead, in about 6-8 weeks, to the submission of a plan to the Cabinet. There is of course a danger that Sir DR might be thought to have too little to say at this stage, but this has to be offset against the possible loss of interest and credibility and the growth of a conviction that, as the Guardian put it the other day, the Rayner project is a half-hearted gesture by the Government. Sir DR is certainly not half-hearted and I have no doubt that he could get his enthusiasm across.

3. I should be grateful for your advice on this, bearing the following in mind:

- a. Timing Sir DR is committed to M&S business on 12-22 June, 27 and 28 June, 3 July and is on holiday from 9-13 July.
- b. Even-handedness Can Sir DR get away with a press conference, an attempt to kill all the birds with one stone? Presumably, he will have to be prepared to give separate interviews to the broadcasters listed? Is this likely to cause trouble with the press people?
- c. Particular correspondents Have you any advice to offer on (i) the individuals listed and (ii) the question whether there are people not listed who should be invited to a press conference?

No general appeal

4. Sir DR has been encouraged by business friends to go on the air in prime time and make a general appeal to the public for

examples of inefficiency and waste and for good ideas. That's Life was one medium mentioned.

5. On reflection, Sir DR is against this. For one thing, his initial remit is to concentrate on central government itself; for another, he fears a mass of crank letters, which would slow him down.

X | 6. Instead, impressed by the quality of some of the letters he has had from serving Civil Servants, Sir DR would like to make an appeal to the Service itself through the journals of the staff associations, departmental house magazines and any other relevant publications, eg Management Services in Government. He will discuss this with Mr Kendall of the National Staff Side at a private meeting in the near future, while Sir Ian Bancroft will raise it with Permanent Secretaries at one of his meetings. (Sir DR is to attend one on 6 June.)

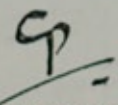
7. Here there are two points, one for you and one for Mr Beastall:-

Mr James Have you any views on Sir DR's feelings as recorded in paras. 5 and 6?

Mr Beastall May I please have a list of staff and house journals and any other relevant publications, together with publication dates in the period June-October 1979?

Your Disobedient Servant

8. You may like to know that Mr L C Chapman has been invited to call on Sir DR at the Cabinet Office at 3pm tomorrow.


C PRIESTLEY
Cabinet Office (233 8224)
29 May 1979

JOURNALISTS SEEKING AN INTERVIEW

Sandy McLachlan)	
John Brennen)	Financial Weekly
Desmond Quigley)	
Keith Dovekants *		Evening Standard
Rosie Hayes		ITN Newsdesk
Barry Clements		Sunday Telegraph
Bill Russell		Glasgow Herald (c/o Commons Press Gallery)
Roland Gribben		Daily Telegraph
Jim Trotter		Business Week
Ian Squires		BBC Nationwide
Hugh Hebert		The Guardian
Jack Crossley		The Observer
The Jimmy Young Programme		
Margaret Hounsell		BBC News Tel: 749 1158
Frances Coverdale or News organiser that day BBC TV		BBC TV Tel: 743 8000 X3931
World at One (Radio) with Robin Day		Stephen Chilcott 580 4468

* + Philip Evans, Picture Editor,
Evening Standard

353 8000 x 4018

PRIME MINISTER

Do you want to
further enlarge the
meeting to include
Mr Priestley?

MAP 30/5

Mr PATTISON

THE RAYNER PROJECT

I have confirmed with Sir Derek Rayner that
the Prime Minister will see him (and Sir Ian
Bancroft) at 2 30 tomorrow. Sir Derek would
be glad if he could bring me with him as his
"chief of staff", provided this is conformable
to the Prime Minister's wishes.

CP

Agreed mb

C PRIESTLEY
30 May 1979

✓
MAP



HOUSE OF LORDS,
SW1A 0PW

PRIME MINISTER

Review of Quangos

Your Private Secretary's letter of 17th May said that you would like my advice on the most appropriate manner of reviewing one category of quangos, namely administrative tribunals and other quasi-judicial tribunals, including those under the general supervision of the Council on Tribunals. (Incidentally, the Council of Tribunals is itself a quango and one of not absolutely indisputable value, though it undoubtedly once played an extremely important role. I have considered not for the first time, whether it should now be wound up; but I think that on balance its role as a watchdog just about justifies its continued existence. I am advised that the work might be done within the office, but at a small price in manpower, and, of course, in the public relations sphere.)

The tribunals themselves are a different matter. I must say that I doubt whether administrative tribunals ought to be treated as quangos for the purposes of the present exercise. The expression 'administrative tribunal' is really rather misleading, and in general I think that they can no longer be described as 'quasi-judicial bodies'. For the most part, they are or have become judicial bodies. They are, in fact, specialised courts and form part of the legal system, as much as the County Courts or the Magistrates' Courts. This, of course, cannot preserve them from the duty of justifying their existence. But I doubt whether they are really what people have in mind when they criticise the proliferation of quangos.

Moreover, a glance at the system suggests that there is not very much scope for substantial, as opposed to cosmetic, pruning. In terms of case-load, the main tribunals are (broadly speaking) the General and Special Commissioners of Income Tax, the Industrial Tribunals, the Local Valuation Courts, the Supplementary Benefit Appeal Tribunals, National Insurance Local Tribunals, the Traffic Commissioners, the Immigration Adjudicators, the Rent Assessment Committees, the Attendance Allowance Boards, the Industrial Injuries Medical Appeal Tribunals, the Rent Tribunals, the Controller-General of Patents, the Commons Commissioners and the Pensions Appeal Tribunals. There are numerous others, some quite important, but the ones I have mentioned together account for the bulk of the system.

Taking them as examples, it may well be possible to slim down some of their jurisdictions or amalgamate some of them with others. This would be a matter for the particular Ministers concerned. But I very much doubt whether in practice, the main functions which these tribunals perform could, to any significant extent, be either abolished altogether or 'de-judicialised' by being returned to Ministers to exercise by way of administrative discretion. The only other alternative would be to hand over the functions to the courts of law. As far as the higher courts for which I am responsible are concerned, this could not be done to any significant extent, if only because, by raising the judicial level at which the business was done, and by making legal aid available, it would call for huge and unjustifiable increases in resources.

My own view, therefore, is that little would be gained by an across-the-board review of such administrative tribunals as can be described as quasi judicial. I do think that each Minister might usefully be invited to review each tribunal for which he is responsible and consider:-

1. Whether its function is worthwhile;
2. if so, whether the function needs to be performed by an independent tribunal;
3. if so, whether the function could be acceptably performed at less cost, either by -
 - (i) Changes in the constitution and methods of the tribunal (such as substituting unpaid for paid members, improving the procedure and administration; abolishing appeals, etc); or
 - (ii) Amalgamating the tribunal with others in the same field; or
 - (iii) by any other means which would eliminate waste and promote efficiency.

An exercise of this kind cannot be done properly before 7th June. Though this is for you to decide, one way of proceeding might be to invite Ministers to consider the tribunals for which they are responsible in the way I have suggested above, and to embody the results of their consideration in a short note which may be sent to the Secretary of Cabinet by the end of June. He could then circulate the notes together as a single Cabinet paper. I would be glad to deal in this way with the relatively few tribunals for which I myself am responsible.

I am sending copies of this minute to Cabinet colleagues, the Minister of Transport Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

29 May 1979.

H: of S: M.

pp. 11.

MR K R STOWE

THE RAYNER PROJECT

We spoke on 23 May about the Rayner project and the location of Sir Derek Rayner and Mr Priestley, following your minute to David Laughrin of 21 May. We agreed that satisfactory arrangements could be made on slightly different lines to those envisaged in your minute.

IRB

IAN BANCROFT
29 May 1979

MR K R STOWE

THE RAYNER PROJECT

I understand that the Prime Minister has reservations about the departmental projects referred to in Sir Derek Rayner's minute of 24 May.

I think the Prime Minister need have no fear that these Rayner-style projects might turn into something like the (now) largely discredited PAR system. I think he has chosen some examples in his paragraph 3b, in particular "the formulation of policy", which fail to give a true impression of what he is about. From my own discussions with him I am sure he wants to go for what he calls "narrow-fronted" projects with a practical flavour. ^{his} That they will be carried out in Departments by Departments, but under/supervision, is part of his philosophy of working with rather than against the departmental grain.

But the Prime Minister will want to cross-question him herself when she sees him.

IRB

IAN BANCROFT
29 May 1979



From the Minister

CONFIDENTIAL

PRIME MINISTER

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

REVIEW OF QUANGOS

I shall be reporting before 7 June on my proposals for reducing the number of Quangos in my Department's field. I have already found, however, as I expect colleagues have too, that many of the Quangos are set up under Act of Parliament and could only be abolished in the same way. This raises the question how to provide for their dissolution with the least expenditure of Parliament time, the minimum of controversy and the maximum impact.

There seems to me to be three theoretical possibilities. Departmental primary legislation, abolishing Quangos one at a time, is the worst option, taking a great deal of time and maximising the controversy over each abolition. A single machinery of Government Bill, making piecemeal provision for every Quango to be abolished, is better but would be very large and time-consuming. I would therefore favour the bold course of a short Bill which simply conferred on Ministers of the Crown a power to make Orders abolishing the Quangos in their fields. The bodies covered by the power would need to be comprehensively listed, and there would need to be enabling powers to cover the consequential provisions that might be needed in particular cases. I hope we can adopt this method.

I am sending copies of this minute to the other members of the Cabinet, Sir Ian Bancroft and Sir John Hunt.

PETER WALKER
24 May 1979

MINISTRY OF DEFENCE
MILITARY FORCE CANADA



24 MAY 1979

Suggest I see
Sir Derek read

PRIME MINISTER

with us

non-possible

"THE RAYNER PROJECT"

no

Prime Minister

Are you content with

these vigorous ideas?

I have some doubts

about 3b: this general
prescription might not fit all
dept'l situations. KRS

29/5

1. Since I returned from the Far East a week ago, I have begun a round of consultations with Ministers and senior officials and have thought further about the commission you gave me, taking into account the Cabinet decisions on 10 May. I have met the Lord President, Mr Channon and Sir Ian Bancroft. I should have seen enough senior Ministers to enable me to submit a plan to you and your colleagues in July, allowing for 2 weeks absence from London on business.

2. My purpose in writing to you now is to tell you the provisional shape of my thoughts and to say that I should welcome a brief meeting with you, so that I can answer any questions you might have and you can give me any further thoughts of your own.

3. My present view is that I should undertake three types of work. These are, in ascending order of importance, as follows:-

a. An eye-catching demonstration to illustrate that central Government has over-burdened the citizen, business and industry with requests for information. I have it in mind to collect together and exhibit all such requests sent out in a recent year. The intended effect would be to generate more awareness on the part of Government of the cost and impact of such activity, which I suspect is not essential and should for the most part cease.

b. I should like each Minister to appoint a small high quality team to work full-time to him through a senior official for a period of 3-6 months. These teams, in the design, conduct and reporting of whose work I should want to have a hand, should be free to examine an agreed part of their department's functions in detail and to ask awkward questions, eg "Why is this work done at all? Why is it done as it is? How could it be done more efficiently and more effectively at less cost?" The selection of topics would need care. Broadly speaking, I should want a combination of topics which illuminate matters common to the Civil Service as a whole (eg use of accommodation and other common services; the progression of business through each point in the hierarchy; the cost of meetings) and of topics which are specific to particular functions of Government (eg the payment of benefits; inspection; procurement; and the formulation of policy.) In the case of one or two small departments, it might be possible to look at the whole organisation from both aspects.

c. I know that you are keen to avoid buying short-term benefits at the price of forgoing lasting reform. I therefore see the heart of my commission as the examination of barriers to the effective management of business and resources by

This is like
PAR!
It got nowhere
and both of
top people were.

is there such a word?

Ministers and their officials. Here, too, I believe there are two sorts of issue. First, there are such rules of administration as the "annuality rule", which was an issue when I was last in Whitehall and still is. I would want to explore these with the central and other departments and, as appropriate, with the Comptroller and Auditor General. Secondly, and much more important, while there has been a good deal of recent thinking among Parliamentarians and officials about the general framework within which Ministers and officials manage business, there are several loose ends. I want to offer you and your colleagues, in say six months, suggestions worked out in detail on how they should be tied up. The scope of this work also needs careful thought. At present I see it embracing such matters as the role of the Accounting Officer and how it is used, the development of real accountability for efficient business and resource use down the line and relevant policies for personnel management, including the rewarding and advancement of successful managers. I am convinced that there is room here for substantial and permanent reform.

4. I have discussed this approach in outline with the Lord President and find that it generally commends itself to him.

5. The publicity following my appointment has generated a great deal of correspondence; some of it will be useful to my enquiries. In particular, a number of Civil Servants have written, some in a detailed way and some in simple statements, such as the attached. I intend to harness the good will that undoubtedly exists within the Civil Service to bring about useful economies. Sir Ian Bancroft has arranged for me to speak to all the Permanent Secretaries on 6 June. This is in addition to the appointments I have made with Permanent Secretaries of important departments. My impression is that there exists in Whitehall a great deal of unfinished business, reports and management studies which need action to bring about agreed changes. I shall seek out such work and establish what action is proposed. This may well prove unpopular in some quarters; for example, my business experience suggests that some parts of the CPRS Report on overseas representation, although much criticised, have a lot to commend them.

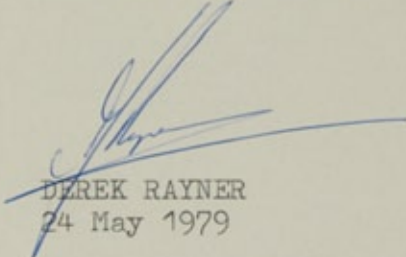
6. May I now turn to the relationship between Ministerial action following the Cabinet decisions of 10 May and my exercise? What I am to do is complementary to Ministerial action in pursuit of efficiency within their own departments, although I am of course available to any Minister who wishes to consult me before he commits himself to a particular line; in general, indeed, I think there would be merit in Ministers deciding what should be done in their own departments in the light of general Cabinet discussion of their reports on action to promote efficiency and of the proposals requested by Cabinet for further action.

7. The Lord President and Sir Ian Bancroft said they saw every reason for my seeing copies of Ministers' reports to you called for by 7 June. We shall consult each other closely about them and I shall,

if you agree, let you have my observations on them at about the same time as Sir Ian Bancroft offers you and the Lord President his. In addition and subsequently, I shall take account of these reports in offering you my proposals for my own exercise.

✓ 8. I am receiving a number of letters from people about local government in addition to those I am getting on central Government. The line I am taking in response to these is that I am to begin with central Government, but that I may later be asked to go on to advise on other parts of the public sector.

9. I am copying this to the Lord President, Sir Ian Bancroft and Sir John Hunt.


DEREK RAYNER
24 May 1979

Quangd's and
Quangaroos?
Presumably that is part
of the exercise.

This is a copy. The original
has been extracted and
closed, 60 years.

IN CONFIDENCE

Gerrards Cross 95180

(D)

* [redacted]

[redacted]

5 May 1979

* [redacted]

Sir Derek Laynor

Dear Sir

I welcome the decision of H.M.
Government to cut back wastage in the
Civil Service

I have been a Civil Servant with
H.M. Customs & Excise (at Heathrow airport)
for the past two years - before that I was
a supervisory officer with an outside employer
working every minute of a 42 hour week

Yesterday, I signed on at 8am
and with two hours paid overtime, went
home at 6pm. My actual work took EIGHT
MINUTES for the day. I have asked for
more work to do but none has been
forthcoming. C & E staff should be

* [redacted] * Address deleted and closed, 60 years.
under a FOI Exemption.

Al Wayland
3 November 2009

pruned by two in every three - the
remaining one would still have a job
to fill in a full days work. We all
consider there is a terrible wastage in
the Civil Service

Yours faithfully
D. Whitehead

Govt Mach

Mr. D. Laughrin,
Civil Service Department

The Rayner Project

Thank you for your minute of 11 May. I am glad to know about Clive Priestley's appointment: he has already been in touch with me. I must pick up one slight misunderstanding in your note to me. Sir Derek Rayner is not part of the Prime Minister's Office in No. 10 but is appointed to work in the Cabinet Office although, of course, with access to the Prime Minister just as Sir Kenneth Berrill and John Boreham have access.

K. R. STOWE

21 May 1979

M

Govt Machinery

MR. STOWE

David Laughrin tells me
that CSD are content with the
proposed redraft for para. 4
of your Dear Private Secretary
letter on the Review of Quangos.
I attach it typed for signature.



See my query on a.

17 May 1979

CONFIDENTIAL



See Minutes for circulation

10 DOWNING STREET

From the Principal Private Secretary

17 May 1979

Ref 7.6 77

Dear Private Secretary.

Review of Quangos

At Cabinet on 10 May, it was agreed that Ministers should, inter alia, consider a reduction in the "quasi autonomous non-governmental organisations" (or "quangos") for which they are responsible and submit progress reports on this (and on measures for eliminating waste and promoting efficiency) by 7 June.

The term "quango" has no generally accepted definition but for the purpose of the present review it can be taken as covering those non-Ministerial public bodies which lie outside the "cores" of central government and local government. They therefore exclude on the one hand Government Departments (and units within them), the Royal Household, Parliament, the Judiciary, the Armed Forces and the National Health Service and on the other, Local Authorities, educational authorities (and educational institutions), police authorities, the fire services and water and sewage authorities. They include the following categories:

- a. nationalised industries and commercial companies in which Government has a shareholding: the Prime Minister would be grateful if the Chancellor of the Exchequer and the sponsoring Ministers would consider and advise on their review;
- b. administrative tribunals and other quasi-judicial bodies, including those under the general supervision of the Council on Tribunals: the Prime Minister would welcome the Lord Chancellor's advice on the most appropriate manner of review;
- c. agricultural marketing boards: their position has to be considered in relation to the EEC common agricultural policy and the Prime Minister would welcome the advice of the Agricultural Ministers on them;

CONFIDENTIAL /d.

- d. various Committees and Commissions with purely advisory functions;
- e. the remaining non-Ministerial public bodies with administrative, executive and regulatory functions, generally described as "fringe bodies".

There may be other bodies which Departments sponsor or fund which should also be reviewed. But, for the present at least, the review is not to cover bodies which may have been created by the Crown or Parliament but which are entirely independent of Government, e.g. the General Medical Council and similar professional registration bodies; or voluntary bodies even though these may be in receipt of government financial assistance.

So far as "fringe bodies" are concerned, officials in the Civil Service Department will shortly complete a report for the Lord President, setting out proposals for a framework for bodies of this kind established in future and for the regular review of the need for, and operation of, existing bodies. This should provide a basis for Ministers to consider in due course the arrangements for keeping "fringe bodies" under review in the longer term, once the present initial study by Ministers in their own Departments has been completed.

I am copying this letter to the Private Secretaries to Cabinet Ministers including the Minister of Transport and to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

*Yours sincerely,
Kenneth Stowe.*

The Private Secretary

MR. STOWE

Sir Ian Bancroft reports the exercise currently in hand in the C.S.D., and correctly observes that this may prove a useful follow-up to the present review of "Quangos" generally. But the reference to this study in paragraph 4 of the draft "Dear Private Secretary" letter assumes too much about the reception which this study will get: the present draft paragraph also manages to give the impression that this forthcoming magnum opus from C.S.D. can substitute for any immediate action on fringe bodies.

The letter would be most effective if it simply omitted paragraph 4. If some reference to the C.S.D. efforts has to be retained, this might read:

"Officials in the Civil Service Department will shortly complete a report for the Lord President, setting out proposals for a framework for bodies of this kind established in future and for the regular review of the need for, and operation of, existing bodies. This should provide a basis for Ministers to consider in due course the arrangements for keeping "fringe bodies" under review in the longer term, once the present initial study by Ministers in their own Departments has been completed."

MAP

16 May 1979

MR K R STOWE

REVIEW OF QUANGOS

At Cabinet on Thursday 10 May the Prime Minister asked Ministers to proceed with a review, inter alia, of the "Quangos" for which they are responsible and to submit a progress report by 7 June.

2. The Civil Service Department have been steering an official review of relationships between Government and non-Ministerial bodies following the Bowen Survey of Fringe Bodies (which was released last year). In addition to attempting to categorise the various groups of public bodies which lie between the central government areas, the aim of the review has been to prepare proposals for:

- a. a closer scrutiny of proposals to create new fringe bodies and arrangements to ensure that those which are created are fully justified;
- b. a more coherent framework for Ministerial relationships with, and controls over, fringe bodies established in future;
- c. the introduction of measures for regular review of the need for and the policy and objectives of existing fringe bodies, and a special review of the financial operations of each body, its manpower control systems and the framework within which it operates.

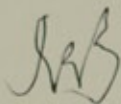
I will shortly be submitting this report to the Lord President and I hope that this longer term exercise may prove a useful follow-up to the present review of "quangos" generally.

3. There are a number of groups of public bodies of different kinds with different functions and relationships with Government and the "fringe bodies" exercise has been concerned with only part of this field as a whole. Since there is no generally accepted definition of the term "quango", it may be helpful to offer some guidance to

Ministers in charge of Departments on the grounds which their current immediate review of the whole field should cover. I accordingly ... attach for consideration the draft of a letter from you to Departments.

4. After Sir Derek Rayner returns from Tokyo, he or I may want to suggest, in collaboration, a few guidelines for Departments to take into account in submitting their reports on waste and efficiency.

5. I am copying this minute to Sir John Hunt and Sir Derek Rayner.



IAN BANCROFT
15 May 1979

DRAFT LETTER FROM MR STOWE TO PRIVATE SECRETARIES TO DEPARTMENTAL
MINISTERS

REVIEW OF QUANGOS

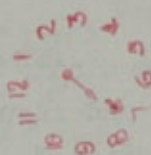
At Cabinet on 10 May, it was agreed that Ministers should, inter alia, consider a reduction in the "quasi autonomous non-governmental organisations" (or "quangos") for which they are responsible and submit progress reports on this (and on measures for eliminating waste and promoting efficiency) by 7 June.

2. The term "quango" has no generally accepted definition but for the purpose of the present review it can be taken as covering those non-Ministerial public bodies which lie outside the "cores" of central government and local government. They therefore exclude on the one hand Government Departments (and units within them), the Royal Household, Parliament, the Judiciary, the Armed Forces and the National Health Service and on the other, Local Authorities, educational authorities (and educational institutions), police authorities, the fire services and water and sewage authorities. They include the following categories:

- a. nationalised industries and commercial companies in which Government has a shareholding: the Prime Minister would be grateful if the Chancellor of the Exchequer and the sponsoring Ministers would consider and advise on their review;
- b. administrative tribunals and other quasi-judicial bodies, including those under the general supervision of the Council on Tribunals: the Prime Minister would welcome the Lord Chancellor's advice on the most appropriate manner of review;
- c. agricultural marketing boards: their position has to be considered in relation to the EEC common agricultural policy and the Prime Minister would welcome the advice of the Agricultural Ministers on them;

- d. various Committees and Commissions with purely advisory functions;
- e. the remaining non-Ministerial public bodies with administrative, executive and regulatory functions, generally described as "fringe bodies."
3. There may be other bodies which Departments sponsor or fund which should also be reviewed. But, for the present at least, the review is not to cover bodies which may have been created by the Crown or Parliament but which are entirely independent of Government, eg the General Medical Council and similar professional registration bodies; or voluntary bodies even though these may be in receipt of government financial assistance.
4. So far as "fringe bodies" are concerned, the Prime Minister understands that a report by officials will shortly be submitted by the Civil Service Department to the Lord President, setting out proposals for a framework for bodies of this kind established in future and for the regular review of the need for, and operation of, existing bodies. This will provide a basis for Ministers to consider in due course the arrangements for keeping "fringe bodies" under review in the longer term.
5. I am copying this letter to the Private Secretaries to Cabinet Ministers and the Minister of Transport and to Sir Ian Bancroft, Sir John Hunt and Sir Derek Rayner.

15 MAY 1979



MR STOWE

cc Mr Wolfson
Mr Vile
Mr Spence
Miss Brine
Miss Badham (PS/2nd Perm Sec)
Mr Priestley

Mr. Wolfson.

I am taken aback by X.

It makes no sense to me to

have Rayner assigned to No 10.

Since he wants to proceed by helping all Cabinet

Ministers, and needs this collective backing, his

proper location is Cad office - where he can still report

THE RAYNER PROJECT

Sir Ian Bancroft mentioned to you yesterday that Sir Derek Rayner has appointed an assistant to help him with his project. This is Mr Clive Priestley (US), who will move from CSD to your office early next week, although he will be located in the Cabinet Office.

No. X.

Mr Priestley is a graduate of Nottingham University and was subsequently at the J F Kennedy School of Government in Harvard. He worked on the dispersal exercise initiated by the previous Conservative Government in 1970. Since 1974 he has been engaged in the management review programme, also initiated by that Government and endorsed by Mr Callaghan's; the reviews in which he has taken part have been those of HM Treasury, CSD and DE Group and DES. He is at present completing an exercise on the question of repayment for the service now provided to Departments by the COI on allied service terms. He will introduce himself to Mr Wolfson and yourself next week.

As you know, Sir Derek Rayner is at present in Japan. He will be available to start his project in earnest in the latter part of next week. He has asked for papers on relevant activity and thinking to be assembled from the CSD, the Treasury, the Cabinet Office (including CPRS) and the Exchequer and Audit Department. We have this urgently in hand. He will shortly after his return present a draft submission for approval by Cabinet as to the action he should promote or undertake himself or assist in.

DAVID LAUGHRIN
Private Secretary
11 May 1979

BRITISH
POST

1897
10
10



COMMERCIAL

610
Telegrams:
Marjoram London Telex
Telephone 01-935 4422

Civil Service

Michael House,
Baker Street,
London, W.1.

11 May 1979

Dear Mr Stowe,

I attach a copy of a letter which was signed by Sir Derek Rayner and sent immediately before his departure for Japan. In case this has been held up in the bulk of mail that is undoubtedly piling up for the Prime Minister, I wonder if you would be good enough to give this copy to her.

This procedure
does not comment itself to
me as an example of

efficiency
and avoiding
waste!
KRS
..

Yours sincerely,

Maureen Harris

MAUREEN HARRIS

Secretary to Sir Derek Rayner

Agreed - but
it does
demonstrate
for every individual
concerning planning
output.

Mr Ken Stowe
Principal Private Secretary to the Prime Minister
10 Downing Street
LONDON S W 1

Joan

CSD ON(79)66

10 May 1979

The Prime Minister has appointed Sir Derek Rayner as a part-time adviser to assist Departments in promoting efficiency and eliminating waste. Sir Derek Rayner will be located in the Cabinet Office.

Mr C Priestley has been appointed to assist Sir Derek Rayner, and has been promoted Under Secretary (9 May 1979).

The Prime Minister has also appointed Mr H L James (lately Director General of the Central Office of Information) as Chief Press Secretary in No 10. He succeeds Mr T McCaffrey, who is retiring from the public service.

Mr G J Carter, Parliamentary Counsel, will be leaving the Department on retirement (1 June 1979).

Mr W Russell, SPSO, MS(OR), will be leaving the Department on resignation (29 May 1979).

K C LAWRENCE

PS 15/012

Cabinet / Cabinet Committee Document

The following document, which was enclosed on this file, has been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES.

Reference: CC(79) 1st Conclusions, item j

Date: 10 May 1979

Signed AWayland Date 31 October 2009

PREM Records Team

Telegrams
Marshansa London Telex.
Telephone: 01-935 4422

2.

Michael House,
Baker Street,
London, W.1

From Sir Derek Rayner

9 May 1979

Ru/S

Yes Prime Minister.

I am very honoured by your invitation to become an adviser on seeking efficiency and eliminating waste in the Civil Service. I assure you I am very conscious of the responsibilities that this appointment carries, and I shall do my utmost to bring about the changes that are needed.

In the day following my meeting with you I have received every assistance to enable me to get on with the task on my return from Japan. I have had discussions with the Permanent Secretaries of the Civil Service Department and the Treasury and I foresee no difficulty in making such other contacts that are necessary on my own initiative. I shall, on my return, make the necessary appointments with the politicians concerned, particularly Mr Paul Hannon, and I shall also arrange meetings with the General Secretaries of the Civil Service unions, beginning with Mr Bill Kendall, Secretary General of the Civil Service National Whitley Council, whom I know well.

Mr. [unclear]
10th 17-

The Rt Hon Mrs Margaret Thatcher MP
Prime Minister
10 Downing Street
LONDON S W 1

Prime Minister.

*Sir Ian Banerjee has assigned a
v. good young Under Secretary to help him,
as he is already in action. And see below!
k.H.S.*

ANTI-WASTE JOB FOR M & S CHIEF

Whitehall to be investigated

By JAMES WIGHTMAN, Political Correspondent

THE Prime Minister yesterday appointed Sir Derek Rayner, joint managing director of Marks and Spencer, to head her new Government's drive to improve efficiency and eliminate waste in Whitehall.

Mrs Thatcher, who several times during election campaign extolled Marks and Spencer as an example of the merits of free enterprise, made the announcement after presiding at her first Cabinet meeting.

Other developments last night after the first full working day of the Conservative Administration were:



Sir Derek Rayner

Although still unconfirmed, Tuesday, June 12, was the favourite date for the tax-cutting Budget being planned by Sir Geoffrey Howe, the Chancellor;

Several senior ministers had ordered a hold-up in Civil Service recruiting while the examination of staffing goes on;

Mrs Thatcher has told Ministers that, unlike Labour Ministers who paid political advisers out of Government funds, any

Tax Plea for Commuters
—P8;

Editorial Comment—P18

aides they take on must receive their salaries from the Tory party.

The upshot is that there will be far fewer political advisers under the Tories.

Last night the Prime Minister appointed Mr David Wolfson, 42, nephew of Sir Isaac Wolfson, chairman of Great Universal Stores, as her chief of Staff. Officials said he would be responsible for political administration and liaison with the party. Mr Wolfson was secretary to the Tory Shadow Cabinet.

Sir Derek, 53, who will work part-time and be unpaid, will investigate in co-operation with senior civil servants the workings of all the Whitehall ministries.

The appointment is meant to carry an implicit warning: if Whitehall manpower is deemed to be excessive, then some staff will be cut.

Mrs Thatcher's decision is the first move towards implementing the Conservatives' manifesto pledge that substantial savings can be made through the reduction of waste, bureaucracy and over-government.

Main targets

Among the main targets for Sir Derek are expected to be the tax and social security systems where the Conservatives reckon that economies in running costs could yield savings of about £1,200 million.

Fundamentally, Mrs Thatcher, as she told her senior ministers yesterday, is looking for Whitehall to show more of the efficiency and cost-consciousness of private industry.

[Marks and Spencer profits for the year to March, 1979, were £164.25 million, up £44.45 million. Sales, at £1,475 million, were up 17 per cent. **CITY DETAILS—P21.**]

Sir Derek, who will work from the Cabinet Office, will report directly to Mrs Thatcher. He has no executive powers.

This is the second time Sir Derek's business acumen has brought him to the assistance of a Conservative Government.

Heath adviser

In 1970 Mr Heath appointed him as a special adviser to the Ministry of Defence on obtaining the best deals in weaponry procurement. He was made a knight by Mr Heath in 1973.

Mrs Thatcher is convinced that there can be considerable streamlining of the Whitehall operation.

Mrs Thatcher has asked all her senior Ministers to examine very carefully where possible savings in expenditure can be made.

'BORROWED' AGAIN Brilliant business mind

ASUN ROY writes: Sir Derek Rayner has a brilliant business mind.

Mr Heath, who "borrowed" him previously, was impressed by a Defence White Paper he had written. It was unusually lucid and literate, its elegant prose enhanced by quotations from the Roman historian Gaius Petronius.

Sir Derek left that post earlier than expected because of "friction with civil servants."

CIVIL
SERVICE



10 DOWNING STREET

From the Principal Private Secretary

SIR JOHN HUNT

The Prime Minister has read your minute of 7 May about Sir Derek Raynor's appointment.

She agrees with the proposed terms of reference and will be telling Cabinet about them this afternoon. Arrangements have been made to publish his appointment later today.

K.R.S.

8 May 1979

M

MR. JAMES

cc: Mr. Wolfson

I understand that Sir Derek Rayner's appointment is to be announced this afternoon. Mr. Wolfson has raised the question of whether Sir Derek will need to resign from his position as Deputy Chairman of the PRU Board.

Sir Ian Bancroft's view is that there would be no inconsistency in Sir Derek holding these two posts; but he thinks that Sir Derek will wish to resign from the PRU Board because he will not have time for it. If by any chance you are asked by the Press about Sir Derek's position on the PRU Board, I suggest that you say:

"This will no doubt be a matter which Sir Derek will wish to discuss with the Chairman of the PRU Board (Lord Shepherd) in the light of the likely demands on his time".

I. P. LANKESTER

8 May 1979

Ref. A09492

PRIME MINISTER

Prime Minister
c. Mr. Wolfson.

Yes
Yes
an.

Are you content with
these terms of reference?
You will want to tell
Cabinet of them tomorrow.
K.R.S.
7/12

Following your talk with Sir Derek Raynor this morning I had a further useful conversation with him: and I have arranged to see him again tomorrow when I will be accompanied by Sir Ian Bancroft and Sir Anthony Rawlinson of the Treasury. We hope then to make progress on staff and lines of enquiry so that he can be fully operational on his return from Tokyo.

I also discussed with Sir Derek Raynor the terms of an announcement and I agreed to recommend to you that it should be:-

"The Prime Minister has appointed Sir Derek Raynor as a part-time adviser to assist Departments in promoting efficiency and eliminating waste. Sir Derek Raynor will be located in the Cabinet Office."

Agreed out

Two nuances about the text:-

- (i) Sir Derek Raynor is very anxious to include the word "part-time" because, as you probably know, he hopes to get the chairmanship of Marks and Spencer in due course and does not want to give any impression that he will not continue to play an active role there.
- (ii) He would also like the words "to assist Departments" to give the impression that he is there to help rather than to interfere.

I suggest that this announcement should go out after tomorrow's informal meeting of the Cabinet so that you can explain Sir Derek Raynor's role to your colleagues. This timing would also suit him well.

Agreed out

Sir Derek Raynor does not wish to be paid.

John
(John Hunt)

7th May, 1979

PRIME MINISTER

P.M

Has seen.

KHP

1. Ken Stowe has just telephoned me (9.30 p.m.) to say that you are seeing Derek Rayner at 1015 tomorrow and would like some suggestions on what you might say to him. Here are some hurried thoughts.
2. I think his remit should run in parallel with, but separate from, the main PESC exercise. The cash limit squeeze should be the most effective way of reducing overall expenditure: he should aim at particular aspects.
3. He will need to avoid elaborate techniques or methods of examination which themselves create unnecessary work (remember PAR!)
4. He could concentrate on:
 - i. Functions that can be cut out;
 - ii. Wasteful work systems;
 - iii. Unnecessary demands on the public (forms, surveys, etc.)
 - iv. Less ~~protectionism~~ ^{perfectionism} and rougher justice in administration.
5. In other words he should be a hatchetman who will go for the things that the normal PESC process will miss.
6. He should sit in the Cabinet Office in order to have your authority behind him. (We have accommodation ready for him.)
7. He will need a small staff. I emphasise small or they will tend to get bogged down doing "studies". He should have someone from the private sector with a nose for cutting out unnecessary work or wasteful systems. He will also need someone from the Treasury and also from the CSD. I have some possible names in mind.
8. His main allies should be:

- i. His own "nose" and judgement: and that of Ministers
- ii. The CPRS
- iii. The Treasury expenditure divisions.
- iv. The CSD manpower divisions
- v. The C & AG

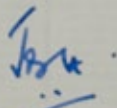
ii, iii and iv will all have ideas: and so may v.

9. Careful launching of the operation will be very important in order to get maximum co-operation at top level and avoid shutters going up. He will need to talk to Ministers and Permanent Secretaries. He will need to be ruthless but to work with the grain and not against it.

10. I suggest that after seeing you he should come and have a talk with me. Apart from putting him in business with accommodation etc. I can suggest some people that he ought to talk to at an early stage.

11. I think his initial remit should be to devise a programme of work and a way of going about it: and then get Cabinet backing for this. The latter is essential.

12. He probably ought to begin by identifying the areas that are worth examination: and then decide how these should be followed up (i.e. whether by himself or by project teams or by staff inspectors or by outside consultants). More generally I think he should start with central Government: perhaps then go on to the Health Service: and leave local government (which will be very difficult) till more experience has been gained.



JOHN HUNT

7 May 1979

END

Filmed at the National
Archives (TNA) in London

February 2010