

cc Mr Wolfson

PRIME MINISTER

Here is Sir Derek Rayner's report to you on the proposals for "scrutiny" next year, and the results of the projects he has scrutinised this year.

The papers are well presented. They are worth reading through, although the points for action are flagged at A and B, as well as noted in the margin at the relevant point.

There is a meeting scheduled for Tuesday afternoon to enable you to go through these points with Sir Derek. Sir Ian Bancroft will also be present and he may want to discuss with you how far we should go in Parliamentary statements and publication of the results of Sir Derek's work. On the whole, I think that this is an area where carefully handled publicity is to be encouraged and where there is very little that need be held back. I doubt whether it is essential to make a point of informing Parliament before going public.

I would endorse all Sir Derek's specific recommendations for action, subject to my qualification about informing Parliament. When you look through the list of proposals, you might want to add or delete from the list, in which Sir Derek suggests you might take a specific interest.

Now that the Rayner programme is well in hand, you will need to consider the future of Sir Derek's own unit. The Cabinet discussion showed that colleagues welcomed the arrangement for internal reviews assisted by Sir Derek's small unit working from the centre. But he himself will not want to stay in this role forever. Would you want to replace him with someone of a similar background; or would you, for instance, consider continuing his unit but having it report to the new head of CPRS now that the system has been created? Ideally, your own Department - CSD - ought to have the capacity to tackle these management questions. But it has never attained the status

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or respect in Whitehall to enable it to follow through this kind of exercise. The comments in Cabinet showed that a number of colleagues were extremely apprehensive that this work might slip back into the grasp of a large central department.

With this in mind, it might be worth raising with Sir Derek his view on how long there will be a need for his unit, and whether he is ready to continue to supervise this work for some months ahead.



30 November 1979