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25 April 1980

The Rt Hon Sir Geoffrey Howe QC MP
Treasury Chambers
Parliament Street
London SW1

Geoffrey

THE EFFICIENCY OF CENTRAL GOVERNMENT

After our meeting with Paul Channon on 16 April I re-jigged my draft minute to the Prime Minister to tauten it and take account of points made by you orally and by your private secretary in his letter of 17 April to Geoffrey Green (CSD). And since our meeting with the Prime Minister and Willie Whitelaw on 22 April, I have further compressed the minute to make it as spare as possible.

2. I have not, however, included any "simple pointers to good management" in the text as, quite frankly, I thought that some Ministers would find it offensive and others ludicrous. Nonetheless, I should be glad, if the Prime Minister asks me to speak to deal with any points you wanted me to mullover beforehand.

3. My present views on "pointers" are set out in the minute now to be circulated to Cabinet as follows:

- Para. 10 General lessons from the "project"/"scrutiny" programme so far.
- Paras. 11 Repeated emphasis on the importance of scrutinising running costs, picking up my letter to Willie Whitelaw of 22 February copied to all senior Ministers.
- and 12
- Paras. 16 - 19 Thinking the unthinkable about what causes staff numbers, but putting it in the context of an overall manpower policy.
- Paras. 21 - 23 Commissioning an official with a "seeing eye" to recommend ways of saving and simplifying.

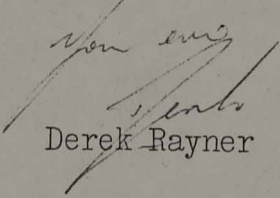
4. I agree with much of what you said on 22 April about the danger of "crude cuts", of so spoiling the drive for greater efficiency and of finding that senior officials put more energy into "proving Ministers wrong" than into reducing functions and increasing cost-effectiveness. It is crucially important to

appraise functions. But Ministers are entitled to expect the loyal commitment of official energies to carrying out Government policies, although I agree that it is better to inspire a willing loyalty than to compel a grudging one. The Prime Minister's initiative in seeing the Permanent Secretaries should help a great deal.

5. I part company with you a little on your reference to Ministers' and officials' lack of the right mental approach to management, time and manpower. Ministerial time is at a premium and it would be a nonsense to commit too much of it to management, but as Ministers accepted a personal responsibility in this field at their first meeting I see each as clearly having the leadership and providing the political drive. The manpower exists from the Permanent Secretary downwards. There is such an abundance of intellectual and personal force in the upper reaches of Whitehall that, if the right atmosphere of enthusiasm for reform is created, Ministers will be amply supported.

6. As to mental equipment, I agree with what Willie Whitelaw said that many of the pressures on Ministers and the Civil Service have been to do more, not less, and that the conditioning, induced by Parliament itself to a substantial degree, has been against economy. But I certainly do not believe that I am the only person who cares or knows about economy in Whitehall or that I have the one formula. I have been much encouraged, if I may say so, by such things as Willie Whitelaw's firm commitment last September to give personal leadership to the scrutiny programme in the Home Office; the substantial contribution made to it by your own departments; the first-rate leadership and persistence shown by some Ministers supervising projects and scrutinies; and the excellent fieldwork done by project and scrutiny officers. All this shows that there can be a firm determination to increase economy and efficiency and to find and use effective ways of doing it (many of which exist already). There is nothing really difficult about it intellectually, although it may mean changing attitudes, and I do not think that anyone who has not had to practise economy before need feel any hesitation or self-doubt about learning by doing.

7. If you wanted a word about any of this before Tuesday, I should try and come over, but as my diary is very full you might prefer either to drop me a line or send me a note via your private secretary. I am copying this to the Prime Minister, Willie Whitelaw and Paul Channon.


Derek Rayner

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