

na MAD

Sir Derek Rayner

cc for information

✓ Mr Pattison
Mr Allen

SUPPLEMENTARY MATERIAL FOR TODAY'S MEETING WITH THE PRIME MINISTER

Central Government

1. A copy of the Conservative Party Political Broadcast on 26 September is attached. Please see where underlined.
2. "BSO" = Business Statistics Office. I am sorry that this was not amplified in paragraph 8a. of the Speaking Note as you asked.
3. The proposed US post in CSD (see para. 7e of the brief) will have two Assistant Secretary divisions, one dealing with the "Rayner programme" (one AS and two Ps) and the other with functional reviews, cost consciousness and Staff Inspection and Evaluation (one AS, 1 SP, 2 Ps plus supporters). The second division may also be responsible for CSD's manpower control over PSA, HMSO and COI and for its interest in accommodation policy.

Local Government

4. The "fundamental questions" which you raised with Mr Heseltine and subsequently with Mr Carlisle and Mr Fowler are annexed.
5. Only DOE have answered them directly; you have seen their comments, which are pretty thin. You have also seen the letters to you from Mr Carlisle and Sir Peter Baldwin. (You will recall that in writing to Mr Heseltine on 21 August you told him that you would want to consult him on "the tenor of my advice".)
6. Before I come to today's meeting with the PM, you may like to know that Ministers are considering how to get a grip on spendthrift local authorities through RSG, which at present reigns impartially on the frugal and the prodigal. I understand that the possibilities under debate are: imposing cash limits on individual local authorities; introducing a sliding scale related to either the level of pay awards or the level of rates; and imposing a single cash limit on the entire RSG.
7. On today's meeting, we need to keep in mind the distinction between your role as an adviser and the role of the PM's colleagues as Ministers vested with authority. You are not executive and you can "tackle waste" only in the sense of advising others how to do

so; the PM may however look to you and to us as part of her office to help her formulate the issues, get a strategy going, keep it going and get results.

8. One objective of today's meeting should be to suggest that the relevant Ministers need to come together under the PM's chairmanship so that she can infuse them with her own sense of urgency and determination. You were brought in because, although the PM originally asked for Secretaries' of State "own views", she believed that she got in reply a run-around by their officials. The best course now would be to grasp the Ministers firmly, identify the targets and see how to go for them.

9. Your minute refers to the need for a "well-thought out strategy". I would see as the main elements in this the answers to the following questions:

STRATEGY FOR PROMOTING VALUE FOR MONEY AND REDUCING WASTE
IN LOCAL GOVERNMENT

(1) What is the target or the range of targets?

eg Local politicians' indifference or lack of competence

Overmanning

Too much administration

Poor management

Poor quality services

Poor project control

Poor central control over resources

(2) What forces are already attacking these targets locally

eg Particular good authorities, local politicians

Collective agencies - District Audit Service, LAMSAC etc

(3) What forces are already attacking these targets from within central government, under what authority and with what instruments?

eg The financial regime: RSG and its future

Statutory controls

Inspection

Influence

Guidance and exhortation

(4) What needs to be done next?

eg Deciding on the financial regime

Winning public support

Winning the support of the local authority
associations

Carrying out demonstrations

Publishing the results

Pulling levers already in central government's
hands

(5) How do I get it done?

eg Get together the relevant Ministers

Decide on a plan of campaign

Decide who is to co-ordinate or be in the
lead

Decide on the PR aspects

Decide on arrangements for reporting progress.

10. Some comments on this. First, such a strategy should not be run under the Rayner colours. It is about the responsibilities of Ministers and the delivery of services. It is not the same thing as the Rayner or Pliatzky exercises and it might be seriously flawed if the "Rayner label" were attached to it.

11. Secondly, however, I think you could advise on the approach to adopt. For example, if such questions as those at (1) - (5) were taken at an initial Ministerial meeting, they could be presented in a paper prepared for the PM by us on the basis of the work done so far and we could in principle service the PM's end of the strategy as it unfolded.

12. Thirdly because the issues are complex, large and political, they cannot be defined and tackled except on quite a long time-table. It would be a great pity to miss the present flood and to return to the issues on an "And another thing....." basis.

13. Finally, where the Government can take initiatives now, I think it should, for example on the school curriculum. There is no point in delay where action is now or nearly possible, provided taking one step does not impede others.

C PRIESTLEY
2 October 1979

Enc: Transcript of Party Political Broadcast on 26 September
Questions put to Mr Heseltine, Mr Carlisle and Mr Fowler

QUESTIONS PUT TO MR HESLETINE AND OTHERS

- a. How much does central government know about the comparative frugality and prodigality of local government?
- b. What means has central government to encourage and reward the frugal and admonish or punish the prodigal local authority?
- c. What relevance to b. above, if any, have the Rate Support Grant calculations and negotiations, the Consultative Council on Local Government Finance and the District Audit Service?
- d. What do local authorities do, individually and collectively, to help themselves, through eg own services, notably internal audit and management services; LAMSAC; IGORU; LGTB; and use of management consultants?
- e. What does central government do to control or help local authorities, individually or collectively, through eg HM Inspectorates; other advice and statutory controls?
- f. Bearing in mind Ministers' desire to reduce the level of statutory control, are the arrangements under b. - c. above adequate for the purpose of securing value for money and if not what could be done to improve or extend existing arrangements, eg in respect of
 - i. efficiency audit; value for money; and sanctions available to Ministers;
 - ii. persuading local authorities to mount radical appraisals of specific services;
 - iii. enhancing the inspection function and, by this and other means, making available data to enable people to judge the quality of services provided.