

(A)

MANAGEMENT IN CONFIDENCE

PRIME MINISTER

RAYNER PROJECTS: LESSONS AND FURTHER INITIATIVES

There are three specific points I thought you might like to see before we meet on Wednesday.

Supervision of Local Authorities

Ed

2. Some 5,000 staff are involved in oversight of local authorities. Michael Heseltine agrees that there is scope for considerable savings. (I attach copies of my letter to him and his reply.) I believe we now need a target for reducing this activity. I suggest that we should ask Ministers concerned to reduce these staffs by one-third from the level we inherited. Do you agree? Decisions should be taken by the summer recess.

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Industrial Sponsorship

3. I have been giving further thought to this since our meeting this week and have talked to John Nott. I believe we should look at the whole area of sponsorship in Government ^{and} overlapping functions in departments. Would you like to commission a review with terms of reference like this?

"To appraise the number and role of those engaged in Departments in dealing with industry, both public and private, in the light of the Government's reduced requirements for industrial intervention and sponsorship and to recommend appropriate reductions in these tasks and staffs".

This would provide the basis for decisions, before the summer recess. I am sure that there are considerable savings to be found. I suggest, however, that you might first wish to discuss such a review with Keith Joseph, as he is obviously vitally concerned.

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Streamlining of Networks of Regional and Local Offices

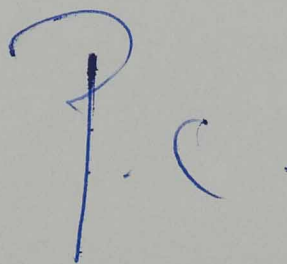
4. We need to tackle each network of offices separately where there looks to be good scope for improvement and economies. I suspect there will be considerable opposition and will report further if there is.

MANAGEMENT IN CONFIDENCE

- a. A study in the MAFF Management Review is recommending streamlining of the Department's district and regional offices which should result in saving several hundred staff. Decisions on this should be taken within the next few weeks;
- b. I am pressing the Minister of Transport to look similarly at the Traffic Area Offices, which employ 4,500. I believe there should be good scope for improvements and economies. If a decision to go ahead on this is not taken within the next week or two, I will report to you further;
- c. I have agreed with Lord Cockfield that once the rationalisation of the Customs and Excise London Collections has been implemented (as recommended in the Department's Rayner project), the Collections throughout the rest of the country will be looked at in the same way. A clear timetable for this has been set;
- d. I am raising with the Secretary of State for the Environment the possibility of a look at the regional and district offices of the PSA. There looks to be scope for economies here and I suspect he is already examining it.

Under-utilised Defence Property

5. I have been pressing Defence colleagues to apply the lessons from the PSA Bath project to dispose of under-utilised property throughout the Defence estate. Action is being taken, especially in increasing the rate of disposal of married quarters. But it needs to be pressed home and I would like to discuss with you how this can best be done.
6. I will raise these points when I see you Wednesday.



PAUL CHANNON

3 April 1980

2

MANAGEMENT IN CONFIDENCE



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LONDON SW1P 3EB

My ref:

Your ref:

26 March 1980

See Paul

I have comments on your letter and note of 20 March about central government staff employed in the oversight of local government.

- a. There are substantial opportunities for economy in every area where I have a detailed knowledge.
- b. From about the middle of April I shall be getting a costed breakdown of every task carried out in this Department in the last 6 months in connection with local government.
- c. By the summer recess Norman Fowler and I will have the results of the Rayner scrutiny of our Regional Offices' activity.

I will keep you in touch with the findings on (b) and (c) and my conclusions.

Finally, I believe it essential that you maintain a trans-government scrutiny across this (and other similar) fields because otherwise no-one knows what lessons of common applications are being learnt and also because without central scrutiny the whole exercise depends at best on the whim of individual Departments.

I am copying this letter to the recipients of yours and to Sir Robert Armstrong.

yes

MICHAEL HESELTINE



Minister of State

LORD PRESIDENTS OFFICE
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21 MAR 1980
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20 March 1980

LESSONS FROM RAYNER PROJECTS: OVERSIGHT BY DEPARTMENTS OF LOCAL
AUTHORITY ACTIVITIES

As you know, the Prime Minister has asked me to see that lessons from individual "Rayner" projects are applied as widely as possible.

The two Welsh Office projects critically examine the way the Department supervises and advises local authorities in the fields of education building and roads. When these are implemented, there will be quite significant administrative savings in the Department. I have written to Mark Carlisle, George Younger and Norman Fowler drawing their attention to these projects and asked them to consider how far similar reductions in activity would be possible in the corresponding areas of their Departments.

It seems to me that these projects show up the need to look very critically at the resources we devote generally in central Government to local authority affairs. These resources are substantial, involving many thousands of staff - by no means all in clerical functions. Many expensive staff, including a large number of professionals ranging from Quantity Surveyors and Transport Officers, Planning and other kinds of Inspectors, are involved.

I do of course recognise that staff are necessary to fulfil statutory functions. Undoubtedly, however, many such functions have come to be very widely interpreted and we should not rule out the possibility of statutory changes in some fields. Staff are also necessary to operate financial controls, but again, there should be significant scope for simplification and administrative improvement as the new systems of capital and current expenditure controls which you are proposing are introduced. There are in any case a number of other functions which are less specific. In some cases I suspect they exist probably because some Ministers responsible for local authority expenditure programmes have at one time or another said that they ought to exist.

I believe, and think you will agree, that we should look at staff resources in this field, and attempt to reduce them. Another lesson from some of the Rayner projects is that unless we do our

utmost to avoid it, we do not cut the size of the administration even when the operations being administered or the tasks requiring to be done have been reduced. Tighter aggregate spending control; reductions in general administrative controls over local authorities; reduced intervention through circulars to local authorities; and lower - in some cases very substantially lower - expenditure programmes, are all factors pointing to the need to reduce the scale of central activity on matters for which local government is responsible.

There is of course a further point, which I know you have very much in your mind. We are asking local authorities to improve their efficiency and curb their manpower. I think we should be prepared to take an equally searching look at the way central Government conducts its affairs in the same areas.

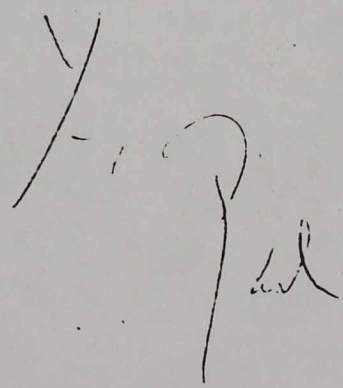
Some reductions may already have been achieved. This should surely now be carried further. I attach a list of the main areas in Departments concerned with local authority services. The list of course is intended as a guide, and not as a complete description.

Could you, and our other colleagues concerned, let me know by the end of April what your plans are for slimming down resources in these areas over the coming years, how much change has already happened since we took office, and how this compares with the relevant local authority expenditure programmes?

These plans should include any reductions in these areas already proposed in the manpower review or in the cash limits squeeze for 1980-81. In the case of the regional offices of your Department and the Department of Transport, there will be an immediate opportunity to develop these plans further in the forthcoming scrutiny. The same will be true of planning work in the Scottish Office, which is also the subject of scrutiny.

I will mention this approach in my report to the Prime Minister on the scope for applying wider lessons from the Rayner projects, and would like to be able to report subsequently on the results when there has been a chance to discuss your plans.

I am sending copies of this letter to Willie Whitelaw, George Younger, Nicholas Edwards, Patrick Jenkin, Mark Carlisle and Norman Fowler, whose Departments are listed in the Annex. I am also copying it to Keith Joseph, Jim Prior, Peter Walker and John Nott, in whose Departments there is some oversight of local authority activity, and to John Biffen and Sir Derek Rayner.



PAUL CHANNON