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PRIME MINISTER

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*I have added to these papers the summary which Sir Derek gave you of his main paper*  
MP

Efficiency and Waste in Central Government  
(C(79) 36)

You have already discussed this paper with Sir Derek Rayner and me, and you have his brief and a copy of his speaking note. My brief is therefore confined solely to handling and to conclusions.

HANDLING

2. We are breaking new ground by inviting Sir Derek Rayner and his two supporters to talk to the Cabinet. You will want to welcome them (Rayner himself, Mr C. S. Ponting of MOD and Mr N. R. Warner of DHSS). You might thank their Ministers for allowing them to attend.

3. You might remind Cabinet that you gave Rayner three jobs to do initially:

- (i) Cutting down on demands on the public, firms, etc. for information; this is in hand.
- (ii) Getting rid of 'conventions' which inhibit efficient management; this, too, is well in hand.
- (iii) Cutting out functions. You asked each Minister to designate a suitable young official in his Department to carry out a quick study of potential targets. Two of the earliest reports to come in, from MOD and DHSS, are very promising. And you thought Cabinet would enjoy hearing about them. You are not pointing the finger at any individual Departments: the object is to show what can be done, given co-operation and Ministerial support, to eliminate inefficiency and waste even in the best-run Department.

4. You have circulated (C(79)39) a very good minute by Derek Rayner, about the next steps. One of his suggestions is that there should be a regular system of 'scrutinies' in Departments. The pilot projects which Rayner has already carried out show what can be done. The idea is that Ministers in

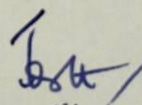
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charge of Departments themselves should undertake this work. It is not a question of the centre arrogating the responsibilities of Departments. The role of central Departments will be limited to giving the thing a push, reviewing progress periodically, and ensuring that lessons are read-across from one area to another.

5. When Rayner and his two assistants have had their say, you will want the discussion to go round the table. It will probably be helpful to call the Chancellor and the Lord President first, as both of them will speak in support of Rayner. The Home Secretary is also an ally. We had expected the Secretary of State for Defence to be hostile, but it will be difficult for him to argue that everything is under control, following Ponting's horror stories. I suggest you avoid too much discussion of the detail of the scheme, and concentrate on getting agreement that the new system is desirable, and on the target date of 23rd November for reports on the first batch of topics to be tackled. You could leave it open whether Cabinet should have a further discussion when you see the first list. (You may find it useful to have such a discussion to put pressure on reluctant Ministers.)

CONCLUSIONS

6. The formal conclusions to record at the end of the meeting might be:-
- (i) to welcome the first indications of success in the Rayner studies;
  - (ii) to endorse the proposals in his minute, circulated with C(79) 39;
  - (iii) to agree that all Ministers in charge of Departments should send their initial proposals for 'scrutinies' to [you] [and the Lord President] by 23rd November;
  - (iv) to note that you will consider holding a further Cabinet discussion about that list at a later stage.

  
(John Hunt)

3rd October 1979