

See MAP note of 20/6/39

PRIME MINISTER

PROMOTION OF EFFICIENCY AND REDUCTION OF QUANGOS

In their various minutes to you, Ministers in charge of Departments have submitted progress reports on the action which they are taking to promote efficiency and eliminate waste in their departments. Sir Derek Rayner and I have now been able to consider these reports. I am minuting you after consultation with Sir Derek Rayner in the course of his visit to Canada. I have agreed the terms of this minute with Sir Derek Rayner but it does not of course deprive him of the opportunity to make comments in his independent capacity when he himself minutes to you on his progress at the end of this month.

2. The minutes from Ministers are uneven, but it appears that a range of activity on this front is now under way or planned. Inevitably, some minutes have pointed to the links with the requirement for departments to make a cut of 3% in their staff costs this year and with the examination of options for significant medium term savings which they are to submit to the Lord President by the end of next month in readiness for decisions in September by the Cabinet. This staff costs examination is requiring departments to review the full range of their administrative expenditure and constitutes a major task for them. A number of the minutes from Ministers (for example, the Secretary of State for the Environment) underline this and the extent to which the searches for efficiency and for economy are going hand in hand.

3. There is also a link with the response to your minute of 4 June about Sir Derek Rayner's project. And, as part of this, the nomination of Ministers of State to direct a series of studies within departments. Sir Derek Rayner has already met six Departmental Ministers and their Permanent Secretaries and separately all the Permanent Secretaries at a meeting chaired by me; he will conclude meetings with Ministers and Ministers of State after his return from Canada later this month. The proposals for studies have now largely been firmed up. Where specific proposals have yet to be made, Sir Derek Rayner will want to discuss possibilities with the Ministers concerned, taking account of what is being done in other departments. He will be minuting you himself at the end of this month, as you asked, with a fuller report on these consultations and on the programme of departmental studies emerging from them. The aim is to begin these studies early in July. Sir Derek Rayner is proceeding on the basis that they will take three working months to complete. He therefore intends to submit a report dealing with their outcome at about the end of October.

4. The outcome of all the work mentioned above will show what lines of attack have proved to be the most fruitful and what lessons of substance or of methodology can be drawn out from it for his further work with departments.

5. Some of the suggestions made are for studies of aspects of the way Government manages business and resources (eg the application of the "annuality rule" to voted expenditure. Sir Derek Rayner will want to

take this up in the course of his more general study of the practices and conventions which are barriers to effective management. He is considering the scope of this wider study. He will formulate proposals for it in the light of his current round of discussions with departments (and will also be taking account inter alia of some of the points made in the letter of 11 June from the Secretary of State for Defence to the Lord President). At this time it is difficult to estimate the scope and scale of his study but Sir Derek Rayner's intention is to ensure its completion by April 1980. With this in mind, he will submit a synopsis of the work to you in September.

6. To sum up, therefore, (1) the various threads of the medium-term "options" exercise, (2) the Departmental "Rayner Studies" and (3) the launching of the wider study of "practices and conventions" can be brought together at about mid-Autumn. This means that Ministers can then consider what has been achieved and what further work needs to be done.

7. Ministers have also reported on the scope for a reduction in the quangos for which they carry responsibility. I will be minuting you separately about this shortly. While Sir Derek Rayner will be kept in touch with this work, he intends to concentrate his own efforts on the targets which I have already described.

8. I am copying this minute to the Lord President, Sir John Hunt and Sir Derek Rayner.

IB

IAN BANCROFT
18 June 1979