

PRIME MINISTER

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12. 9/4

THE RAYNER PROJECTS: PROGRESS TOWARDS IMPLEMENTATION

1. I undertook to submit a progress report on last year's "Rayner Projects" with a view to a possible Parliamentary statement before the Easter recess. (My earlier minute of 30 November 1979 detailed the findings of the individual projects.) This is a progress report on which the only recommendation arises in para. 17.

"Proposed Action" Documents

2. Your private secretary's letter to his opposite numbers of 14 January asked that all "proposed action" documents should be submitted by the end of February. They have been received in respect of 22 projects. Those outstanding are -

- Department for National Savings: Await decision of Minister of State (project late finishing).
- Manpower Services Commission: Action document on review of Skillcentres dependent on Commission decisions on 22 April; action document on review of TOPS allowances dependent on completion of second stage of the review in June/July.
- Northern Ireland Office (Public Dept): Report's recommendations supported in principle and "tentative" action document agreed. Finalisation of action document dependent upon outcome of Ministerial consultation with the Lord Chancellor and the Secretary of State for Social Services in respect of two political and sensitive recommendations. Public announcement of and acceptance of some recommendations made on 21 March.

- Department of Health and Social Security: Action document dependent on decisions by Ministers following discussion in H committee of recommendations to be made by the end of April on the implications for the Post Office.
- Department of Energy: Action document dependent upon outcome of follow-up work commissioned by the Secretary of State.
- Department of Education and Science: Awaiting decisions by the Minister of State.

3. I have tried to help Ministers ensure that the "proposed action" document clearly defines aiming points against which to monitor implementation by specifying the recommendations accepted in principle and the timetable for implementation. I regard this as an important management discipline.

4. I have been impressed on the whole with the quality of the "proposed action" documents received and have been able to agree them in respect of 20 projects. The 2 projects yet to be agreed are -

- Home Office: original draft action document was unclear as to the recommendations accepted in principle and the timetable for implementation. I have discussed this with the Home Secretary and we agreed upon the need for a revised document.
- Department of Trade: I am encouraging the Minister of State to move closer to the main direction of the report's recommendations, namely to place a greater emphasis on Government financial support which is of a pump-priming nature and otherwise to charge full costs.

Action to date and for the future

5. The Annex to this minute provides for each of the projects a summary of progress to date. This is for the record and you need not read it.

6. In respect of the 20 projects for which action documents have been agreed I am heartened by the extent to which Ministers have been able to agree the recommendations in principle and the pace at which, subject to consultations, they plan to implement them. As I would expect of reports produced so quickly not all the recommendations have been accepted as proposed. But the main direction of the changes proposed by the project officials has so far to date emerged unscathed and the proposals will be implemented, or at least begin to be, during this year and next. The pace of implementation is consistent with what I have asked of Departments this year in respect of the scrutiny programme, namely that they should implement or begin their implementation within 12 months of the start of the scrutiny.

7. It will not be possible to go firm on the savings for these 20 projects until consultations are concluded. Moreover, in some cases the savings will not be ascertainable until further work is completed (eg Foreign and Commonwealth Office, Department of Employment). But Ministers have felt able to take a robust line in responding to the reports and I believe that this should help to secure the savings.

8. Some potentially quite difficult decisions in principle have been taken (eg less "nannying" of farmers by the Ministry of Agriculture; reductions in the number of rating offices in Northern Ireland). It is noticeable however that the greatest boldness has been in respect of those projects which bear upon activities internal to government (eg Customs and Excise to reduce the number of London Collections from 5 to 3; Inland Revenue to

simplify the P46 procedure). There has been some hesitancy where decisions are to be made which have a bearing upon client groups (eg Department of Trade loath to move to full recovery of costs of export services; Home Office loath to increase licence fees to cover costs; Ministry of Agriculture rejected the recommendation to introduce a uniform grant structure for farmers).

9. The possible savings associated with the 20 projects on which I have been able to agree action documents amount to £9.0 million a year and £8.0 - 12.0 million once-for-all. Savings on the 2 projects where action documents are in the final stages of agreement will amount to a further £13.0 million a year if implemented in full.

10. Of those projects on which I am awaiting action documents the most significant in terms of savings are the Department of Health and Social Security (£50 million pa) and the Manpower Services Commission (£8 million pa and £41.5 million once-for-all). Preliminary work towards action is well in hand in respect of the Manpower Services Commission although it remains to be seen how hard the MSC will feelable to bite on the Skillcentre bullet. It had been hoped that the Commission would decide on 24 March but they have put it off until 22 April. The Department of Health and Social Security project is however of great concern to me for two reasons. First as you will recall, it was described in my minute to you of 30 November as being the bedrock of the potential savings of £80 million pa attributable to the "Rayner projects". Secondly, savings attributable to greater efficiency and modernisation may always be at risk if the pressure group affected by the DHSS project succeeds in carrying the day.

11. The Secretary of State wishes in principle to proceed with the implementation of the recommendations relating to the optional payment of benefits direct into bank accounts and most of the improvements in administrative procedures (eg sending order books

to home addresses, computer sorting of order books). These account for potential savings of upwards of £15 million pa by 1983/84.

12. The Secretary of State regards the recommendation to change the frequency of benefits as being more problematical, not least because of the Post Office implications. The Government has already announced that it will not change the frequency of payment compulsorily for retirement pensioners. This will reduce the original £33 million pa savings attributable to change of frequency by £15-25 million, depending on whether new beneficiaries are also given the choice.

13. The Chancellor of the Exchequer has set up an inter-Department group of officials to study the implications of the recommendations for the Post Office. There will then be Ministerial discussion in H Committee, I think during May. The Secretary of State has also promised the House the opportunity of a full debate on the proposals before implementation.

14. If I may say so, I believe that the Government is entitled to redress the balance of psychological advantage which the Post Office has gained through blatant lobbying. The submission of an abridged version of the project report to the Select Committee on Social Services is of some small help in this direction. I think it would help the Government to move quickly towards publication of the report, an announcement of a decision in principle on the recommendations and a speedy conclusion of the necessary consultation. This will provide the needed input of views from the electorate rather than what we have at present, the sound generated by and on behalf of a well-organised pressure group. Moreover, as you have already indicated, whilst recognising the Government's commitment to the support of rural communities, it is important not to confuse this wider commitment with the need to improve efficiency in the payment of benefits and the provision of choice to the public. I was accordingly much encouraged by your Private Secretary's letter of 21 March to Mr Hall (Treasury).

15. One general lesson which emerges from the DHSS experience is that it may be all too easy for conservative, anti-efficiency lobbies to brand administrative improvements and savings as "anti-people", if the Government does not take the initiative in preparing the ground especially where reforms either contemplated or intended affect people and families.

Announcing the Results

16. In my minute of 10 January I recommended that the aim should be a statement by you of Ministerial decisions no later than when the House rises for the Easter recess. I have been thinking further about this. My view is now that the best publicity strategy may be for individual Ministers to make announcements severally. This approach has already been adopted in the cases of the Inland Revenue (report published), the Department of Transport (report published), the Ministry of Agriculture (consultation document issued) and the Scottish Office (consultation document issued). The Secretary of State for Employment and the Secretary of State for Social Services have indicated that they hope to publish their reports in full.

17. I believe that this gradual emergence of results, coupled with my occasionally seeing the press, will not only generate greater awareness that the Government is doing things but is also more in keeping with the stance that you have been adopting, namely that the reports are the property of individual Ministers and it is for them to decide on the action to be taken. There is also the added complication at the present time that any general announcement would have to exclude the Department of Health and Social Security which, although only one out of 29 projects, accounts for very much more than half of the total annual savings identified to date. I therefore recommend that the course of "gradual emergence" should be adopted.

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18. Your private secretary's letter of 14 January encouraged departments to make public their results. Departments have clearly taken note of this and no further encouragement is necessary at this stage.

Wider Applications

19. You asked Mr Channon to take responsibility for following up the wider implications of the projects. I have been kept in touch and Mr Channon is minuting to you separately. Action is already in hand in two areas in which I am personally involved:

- Statistics: Following the Rayner project on the statistical services of the Departments of Industry and Trade a government-wide review is now under way.
- Repayment: The disadvantages of the allied service system, whereby goods and services are provided to departments free, were highlighted in a number of projects. I have started a special study of the case for placing the Property Services Agency more completely on a repayment footing.

20. I shall report to you on Statistics and Repayment in the Autumn.

Conclusion

21. I am generally satisfied with the progress that is being made in the conversion of the reports into action, the pace at which implementation is moving and the way in which departments are making public their achievements. The important exception is the Department of Health and Social Security project, though in most cases realisation of the savings is still dependent on consultations. Moreover, whilst there is a high success rate in terms of the number of projects the savings realised to date are still extremely small compared with the potential savings identified.

22. I am copying this to the Chancellor of the Exchequer,
Minister of State, CSD, Sir Ian Bancroft, Sir Robert Armstrong
and Mr Wolfson.

Chris Priestley

Mr.

DEREK RAYNER
26 March 1980

(Approved by Sir Derek Rayner in Canada and signed in his
absence)