

PRIME MINISTER

P.M

Has seen.

KMP

1. Ken Stowe has just telephoned me (9.30 p.m.) to say that you are seeing Derek Rayner at 1015 tomorrow and would like some suggestions on what you might say to him. Here are some hurried thoughts.
2. I think his remit should run in parallel with, but separate from, the main PESC exercise. The cash limit squeeze should be the most effective way of reducing overall expenditure: he should aim at particular aspects.
3. He will need to avoid elaborate techniques or methods of examination which themselves create unnecessary work (remember PAR!)
4. He could concentrate on:
 - i. Functions that can be cut out;
 - ii. Wasteful work systems;
 - iii. Unnecessary demands on the public (forms, surveys, etc.)
 - iv. Less ~~protectionism~~ ^{perfectionism} and rougher justice in administration.
5. In other words he should be a hatchetman who will go for the things that the normal PESC process will miss.
6. He should sit in the Cabinet Office in order to have your authority behind him. (We have accommodation ready for him.)
7. He will need a small staff. I emphasise small or they will tend to get bogged down doing "studies". He should have someone from the private sector with a nose for cutting out unnecessary work or wasteful systems. He will also need someone from the Treasury and also from the CSD. I have some possible names in mind.
8. His main allies should be:

- i. His own "nose" and judgement: and that of Ministers
- ii. The CPRS
- iii. The Treasury expenditure divisions.
- iv. The CSD manpower divisions
- v. The C & AG

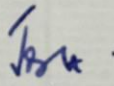
ii, iii and iv will all have ideas: and so may v.

9. Careful launching of the operation will be very important in order to get maximum co-operation at top level and avoid shutters going up. He will need to talk to Ministers and Permanent Secretaries. He will need to be ruthless but to work with the grain and not against it.

10. I suggest that after seeing you he should come and have a talk with me. Apart from putting him in business with accommodation etc. I can suggest some people that he ought to talk to at an early stage.

11. I think his initial remit should be to devise a programme of work and a way of going about it: and then get Cabinet backing for this. The latter is essential.

12. He probably ought to begin by identifying the areas that are worth examination: and then decide how these should be followed up (i.e. whether by himself or by project teams or by staff inspectors or by outside consultants). More generally I think he should start with central Government: perhaps then go on to the Health Service: and leave local government (which will be very difficult) till more experience has been gained.



JOHN HUNT

7 May 1979