

~~At a~~  
~~committee~~

PRIME MINISTER

The various waste and efficiency exercises which you commissioned at the early Cabinet meetings are still producing a lot of paper. I attach below Sir Derek Rayner's interim report on his project - Flag A; Sir Ian Bancroft's comments on the waste and efficiency papers which you saw earlier - Flag B- and further submissions by Sir Ian - Flag C - and Sir Derek - Flag D - on the review of quangos. In all the waste and efficiency exercises, you will presumably wish to ensure that maximum momentum is kept up, but you will also, perhaps, want to keep to a minimum the amount of paper reaching you on the subject.

There are now five different exercises under way in this broad field:-

- 1) There are Sir Derek's own "Rayner projects". These are well in hand, as his report shows, and he expects to report on them at the end of October or in early November.
- 2) He is also working on the Government's conventions governing the management of business and resources (what he calls "the Whitehall philosophy"), and the lessons he draws from the "Rayner projects" will provide a substantial input to this study. He plans to produce a synopsis of this exercise in September, but he will not complete the project until the spring of next year.
- 3) There are the exercises by Departmental Ministers to reduce waste and to promote efficiency. The initial responses from Ministers were patchy, and Sir Derek proposes that when we have the further reports which Ministers have been asked to submit in October, this project should be turned into what he calls the "main campaign". The work that is being done in this area is being co-ordinated by the CSD, but there

is a problem of its relationship to Sir Derek's studies at 1 and 2 above, and I return to this below.

- 4) The study of Government circulars is now concentrated on Local Government circulars, and Mr. Heseltine has this well in hand.
- 5) There is the review of quangos which is being co-ordinated by the CSD. Sir Ian Bancroft has suggested that the next step on this is for me to send Ministers' offices the letter attached to his minute at Flag C, and Sir Derek has proposed a number of amendments designed to tighten up this letter. You need not go through this in detail. If you agree I will send out the letter amended to take account of Sir Derek's suggestions.

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We need to try to put these various exercises into a coherent pattern as far as possible, in order not to cause confusion amongst Departments and to ensure that lessons from one study are applied, where appropriate, to the others. This raises the question of the division of work between Sir Ian Bancroft and Sir Derek Rayner, particularly as regards the relationship between the first and second studies listed above on the one hand and the waste and efficiency project on the other. Sir Derek suggests in paragraph 11 of his minute at Flag A that although the task of co-ordinating the waste and efficiency work is one for the CSD, you might like to regard his staff of two as additions to your own office to monitor this work. I agree that we need some form of co-ordination between Sir Derek's own studies and the waste and efficiency work, and I think that Sir Derek is probably best placed to provide this. I think it important, however, that his staff should continue to work through him and not directly to you, if their activities are not to cause difficulties with the rest of Whitehall. I have discussed this with Sir Derek and he accepts my point. I have also suggested to him that he should let Sir Ian Bancroft know what he is

/proposing

\* They are meeting this afternoon.

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proposing as regards co-ordination and that they might both then come to see you to discuss the next steps.

The next question is whether you want these various exercises pursued simply under your personal authority or with the backing of Cabinet as a whole. I think that the latter course is right, in order to ensure the full involvement and co-operation of all Departments, though you will no doubt wish to make clear that you wish to give continuing impetus to the work. If you agree, would you like Sir Derek Rayner to let you have the draft paper for Cabinet which he offers in paragraph 10 of his minute at Flag A? If so, we might aim to take this in Cabinet before Parliament reassembles in the autumn.

Sir Derek also seeks your views on publicity for his work. I am inclined to think that we must leave this to his judgment. If he can see ways of using the media to strengthen his campaign, I do not think that you need object.

He is also pressing you to agree that the proposed management reviews of the ODA and MAFF should be allowed to go ahead. I know that you have expressed some scepticism about management reviews. Sir John Hunt and Sir Kenneth Berrill are similarly sceptical. On the other hand Sir Derek appears to see them as a useful part of his strategy; and I understand that the Foreign and Commonwealth Secretary and the Minister of Agriculture wish to see the reviews undertaken. Do you agree that they should go ahead, with Sir Derek associated with them as an extension of his project?

The only decision you need take now is whether I should send out the letter about the review of quangoes (X~~xxxx~~). You can leave over all the other points until your meeting with Sir Ian Bancroft and Sir Derek Rayner.

JWL.

10 July 1979