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NOTE OF A MEETING HELD AT 10 DOWNING STREET AT 12 NOON ON  
MONDAY 16 JULY 1979

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Present: The Prime Minister  
Sir Derek Rayner  
Sir Ian Bancroft  
Mr. Clive Priestley  
Mr. David Wolfson  
Mr. M.A. Pattison

The Prime Minister said that she had now studied Sir Derek Rayner's minute on the progress of his projects. She hoped that the timescale was as short as was compatible with the objectives. She would not wish to see the individual projects sink into the time- and staff-consuming style of PAR. Sir Derek Rayner said that the individual projects would be completed within 60 working days, by early October. These would provide many valuable lessons. He quoted the example of the Office of Inspector of Taxes in Southwark, which was still operating with a pre-historic system in handling job changes. This project, submitted by Lord Cockfield, would save enormous numbers of people. A number of other projects had real substance. The Prime Minister questioned whether the Scottish Office study was properly targeted: the role of the Schools Council would be a better one. In respect of DES, a study on pensions seemed ridiculous. The control of capital expenditure on school building would be far more relevant. Sir Derek Rayner said that DES claimed to be disengaging from this, but he undertook to look at that as a separate problem. The Pensions Office employed 600 people in Darlington. The Prime Minister pointed out that the Department had served up a project operating in a development area, probably on the basis that it would be impossible to cut down on staff there. Sir Derek drew a comparison with the Paymaster General's Office in Crawley, which was a large installation unable to hold its staff. The Prime Minister questioned the Home Office study: the real consumer of staff time was immigration control, not radio frequency regulation as covered in the project.

/Mr. Priestley

Mr. Priestley commented that the Lord President's staff reduction options exercise would catch the unnecessarily labour intensive parts of the system. On the other hand, the Scottish Office project had been designed to allow these questions to be tackled. The Prime Minister remarked that the projects put up by Secretary of State for Wales appeared to be the best and that from DHSS should also prove valuable. Sir Derek Rayner emphasised that he intended to get personally involved in ensuring that the lessons of the projects were followed through.

Sir Derek explained that he would be going ahead, perhaps early in September, with his demonstration of the scale of form-filling required by Government. He already had a good collection. He had consulted a number of major companies, and also the CBI. The Prime Minister mentioned that she had had her attention drawn to this problem by the Ever Ready Company, who would be worth contacting.

Sir Derek said that he would be submitting a note on the philosophy which Ministers should apply to achieve efficiency, and that this was well in hand.

The Prime Minister asked whether enough people were now working on the various Rayner activities. Sir Derek was confident that staff resources were now adequate, but might wish to use more people in September to chase targets which would have been identified. The Prime Minister commented that she was horrified by the range of examples of waste which had come to her personal attention, which were probably only the tip of the iceberg. Leslie Chapman frequently fed points to Woodrow Wyatt which then appeared in the Mirror. She recalled his research on the London Transport Architects Department, and on some Army canteen where the cost of serving breakfast had been demonstrated to be £160 per head. She also drew attention to the views of Mr. Balfour-Lynn. He was very experienced in the running of private hospitals. He did not necessarily endear himself to people but had radical views which needed pursuing. She would take these up when she visited DHSS next week. She also wanted to follow up points on overmanning brought to her attention by members of the public during the hospital ancillary workers strike earlier in the year. A more

recent case to come to her attention was that of the applications of new technology to the digitising of the reproduction of ordnance survey maps. She asked that information on this be passed to Sir Derek. Sir Derek commented that computer application was sadly lacking in many areas. The Prime Minister commented that much pensions work would be a strong candidate for computerisation. Sir Ian Bancroft drew attention to the computerisation of PAYE. The Prime Minister wondered whether this was being done with appropriate modern small scale computers. She asked whether Sir Derek Rayner proposed to look at the Central Computer Agency. She felt that <sup>the</sup> problems did not lie with British capacity for innovation, but in union resistance to the introduction of innovative technology. Sir Derek Rayner said that the Inland Revenue Staff Association had indicated that they would welcome computerisation. The Inland Revenue had enormous numbers of temporary staff, and faced a massive staff turnover.

The Prime Minister said that pressing these ideas into the Civil Service machine was like feeding into a feather bed. The local authorities were worse. Sir Derek Rayner said that he was stirring in these areas. The Prime Minister asked whether he was confident that he was tackling enough of the big problem areas. Sir Derek hoped that he was. If necessary, there could be a second round. Mr. Priestley commented that Sir Derek was moving towards a list of worthwhile targets.

The Prime Minister commented that Ministers' responses on efficiency and waste had been, by and large, turgid. Perhaps she needed to let Mr. Leslie Chapman loose on departments. Sir Derek Rayner asked whether he might put a longer term plan together after the first round. The Prime Minister agreed that a paper should go to Cabinet. Ministers would be fully occupied with public expenditure until the recess, but could get stuck into this in mid-September. The Prime Minister wished to avoid further circular requests to departments.

Sir Ian Bancroft said that an examination paper for departments seemed necessary on quangos. The Prime Minister doubted whether a full scale review of all quangos would produce early results. There was a lot to be said for doing the obvious first. She was

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tempted to appoint a suitable senior figure to tackle this work, perhaps Lord Boyd Carpenter, Lord Rothschild or Sir Leo Pliatzky. But she was wary of doing this at this stage if it would disjoint these exercises. Mr. Priestley proposed that the Minister of State at the CSD might be asked to conduct an inquisition in person, based on the ideas proposed by Sir Ian Bancroft and Sir Derek Rayner. The Prime Minister felt that the task might best be undertaken by an outsider with a good working knowledge of the system. She asked Sir Ian Bancroft to consider this with Sir Derek Rayner and advise her in a week. She favoured a "cut out 10%" approach instead of a slow, heavy review of each quango.

Sir Derek Rayner asked about publicity for his projects, and about his suggestion that the two planned management reviews should go ahead. The Prime Minister preferred that publicity should be nominal until there was something to publicise, but left to Sir Derek's judgement the use of publicity where necessary to ease his path. She remained sceptical about management reviews, and especially about large steering committees, but agreed that the two now planned should go ahead with Sir Derek closely associated. She would want to see the outcome before further such reviews were contemplated.

16 July 1979