

Rayner document 1

PRIME MINISTER

The Chancellor and the Lord President seek your permission to circulate to Cabinet a paper on "Departmental responsibility for control of expenditure" (A).

This paper arises out of Sir Derek Rayner's work on "lasting reforms". It will set the framework for further papers recommended by Sir Derek to define roles and responsibilities of departments, and their officials, more sharply.

Although it does describe the responsibilities of departments for control of expenditure and resources, perhaps the most important purpose of the paper is to define the role of the central departments. The Chancellor sees the paper giving a more positive and prescriptive role to the Treasury and the CSD. This will be important in the period ahead when the Treasury and CSD intend to make progress on financial control and management systems, investment appraisal, internal audit, and so on.

Both Sir Derek Rayner and David Wolfson support this paper, and advise that you should give the Chancellor and the Lord President the personal support they ask for, and that the paper should be discussed in Cabinet.

Mr. Priestley's paper at B (in particular paragraph 6, and paragraphs 9-11) reports Sir Derek Rayner's views in more detail. Sir Derek's only concern with the paper is that paragraphs 11 & 20 are not firm enough in giving a prescriptive role to the central departments. Mr. Priestley has suggested some changes to stiffen the paper (C). Sir Douglas Wass, while accepting most of the points put to him by Sir Derek in drafting this paper, has resisted these amendments on the grounds that they will put departmental Ministers on the defensive, and so provoke an unconstructive response. I agree with Mr. Wolfson that departmental Ministers will probably question whether the central departments are equipped with staff of sufficient quality and expertise to carry out the role described in the paper, rather than arguing with the fine wording of the paper. I will ensure that you receive briefing on this point; but

(a) are you content to give your support to the paper,

/ and



and for it to be circulated to Cabinet?

- (b) Would you like me to express support for Mr. Priestley's amendments on your behalf?

WBR

This paper will not achieve anything. It is a beautifully written narrative of the division of responsibilities. But it will not make any difference whatsoever in practical terms to the way departments

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work. We just haven't the expertise to do what we ought and until we agree it, I see little point in circulating the paper.

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