

PRIME MINISTER

wise AC  
Yes mfb

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Sir Derek suggests that you should have a meeting with Mr Hayhoe on this rather than call a Cabinet discussion. Agree?

DEPARTMENTAL RUNNING COSTS

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12/3

I have been thinking about this since the presentation and reception on 24 February, when I was sorry that your own enthusiasm did not meet with a better response from your colleagues. However, as I remarked at the time, the presentation probably had a greater impact than one might have assumed from discussion. An example of this may be what the Secretary of State for Energy said to me yesterday, that while his department is different from Mr Heseltine's, he is determined to develop a scrutiny of running costs which helps him and is appropriate to his department.

2. May I offer you these other thoughts?

3. The key question is how to get the official machine - those responsible for day-to-day management - to take the scrutiny of costs seriously and to do something about the evidence it produces. If officials do that, the whole thing will be much easier for Ministers. So while I can well understand that you might like to have another go at your colleagues, I believe that the weight of your office would at this moment be better applied to officialdom and notably the Treasury. I am not at all unhopeful about the prospects. Last week I had a good meeting with Mr Cassels and Treasury officials on improving the form of the annual scrutiny to make it more timely in relation to Estimates and more useful to both departments and the centre.

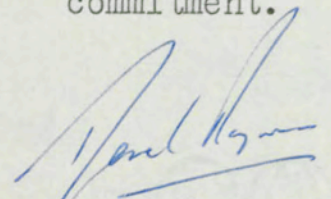
4. Mr Hayhoe, to whom you have given a lead assignment here, has asked his officials to advise him on these matters. May I suggest that your next step should be giving him a lead and that that would produce a good return for your time? If you agree, I suggest that your office should ask Mr Hayhoe to report to you orally in the near future on the following:

- (1) Intentions for developing and using the scrutiny in 1982-83.



- (2) Movements in the volumes of resources consumed since your Administration was formed which are acceptable or require action.
- (3) Intended action to retrench worrying expenditures.

5. May I end by saying this? You have the will to control running costs. What you and your colleagues, need is the means to give your will, and theirs, effect. And you need evidence which convinces you that you are getting results. That is why spurring the Treasury on is the thing to do now. It will focus and concentrate your personal commitment.

  
Derek Rayner  
12 March 1982