



FROM: The Rt Hon Sir Keith Joseph, Bt, MP

KJ/AM

8 February 1979

The Rt Hon Mrs M Thatcher, MP

Cutting Waste in Government and Compliance Costs in Business

I have had a long and useful talk with Derek Rayner. In principle - and, of course, subject to an approach to Marcus Sieff - he would be willing to consider doing a part-time job for us.

I spoke to him about the task of pruning waste within government agencies and reducing the burden of compliance on industry and commerce. He is convinced that a very great deal indeed could be done.

He believes that, provided we convince the top Civil Service that we are serious, the main responsibility could be put upon suitable civil servants. They would need to be motivated by the conviction that they would earn promotion by successful reduction of administrative costs and of compliance costs. At the moment, he says, a civil servant's career is threatened if he makes a single mistake. As a result, he plays safe and tends to ignore economies. We will have to try to change expectations by arranging through the Civil Service Department that promotion should flow from success in cutting costs, including compliance costs - and that a civil servant should be thanked, and promoted, if he succeeds even if he occasionally does make a mistake.

Derek Rayner could provide very professional part-time advisors from the world of business to guide civil servants in methods of reducing administrative costs. He himself would be willing to consider initiating and supervising.

He emphasises that there is waste in every government agency: multiple monitoring: people are busy but ineffective, doing unnecessary things: each piece of paper turns into a snowball because of excessive copying. He had himself treated as an incoming letter - and seems to be quite an expert in the waste of effort that does go on!



He agrees that cash limits will be a great help but unless waste is cut the cash limit will bite on necessary work instead of on waste.

He understands that there are some imperatives and that answering PQs imposes a high standard of knowledge. But he is sure that sampling would provide sufficiently accurate knowledge rather than the one hundred percent monitoring that now goes on in order to be able to answer PQs impeccably.

He is sure that there are excessive compliance costs and would want to arrange not only for a study of the relevant legislation that lies behind the compliance burden but also of the interpretation of the legislation, which he believes is often responsible.

I spoke briefly of Leslie Chapman - "Your Disobedient Servant" - and we thought that it might make sense for him to run courses for civil servants.

I also spoke of Derek's own work at Defence Procurement and suggested that he might like to have a look to see whether the gains he made had been consolidated or lost.

It seems to me that Derek Rayner could be a very valuable ally to the Minister whom you put in charge of the Civil Service Department.

But, once again, all will depend upon the importance you give, through the Head of the Civil Service, to the function of cutting costs and reducing the burden of compliance.

Amel | I am copying this note to Geoffrey Howe for information and to David Howell so that, if you have no objection, David and I can meet Derek Rayner for a fuller meeting to work out the necessary steps.

We will bring into that meeting an ex-Permanent Secretary and will then report to you further.

Ken
Kew