

PRIME MINISTER

MEETING WITH SIR ROBIN IBBS: VALUE FOR MONEY TARGETS

Sir Robin Ibbs would like to have a short discussion with you about value for money targets after you have covered Nimrod at tomorrow's meeting. I (and probably Nigel) will join the meeting at 1215 for the latter part of the discussion with Sir Robin.

Last autumn Sir Robin reported to you on the use to which Departments were putting value for money targets. You asked for a further report this year. Sir Robin has now provided this (Flag B with a covering minute from him at Flag A).

Sir Robin's note reports that value for money targets are making a useful contribution to the search for efficiency and performance within the Civil Service, though their use is still at an early stage, and more emphasis needs to be placed on results and outputs, rather than on costs. Sir Robin's detailed recommendations are on pages 5 and 6.

Sir Robin will no doubt wish to summarise for you the conclusions of his report. I think there will be three particular areas he might wish to cover.

- (a) Sir Robin recommends that Departments should consider giving extra incentives by agreeing to plough back some of the benefit gained from setting tough targets and meeting them (recommendation 9). The Treasury (Flag C) do not dissent from the view that this should be possible in some cases, but stress that the taxpayers' interest in seeing that Departments achieve savings from the setting of tough targets should not be overlooked. Sir Robin has responded to the Treasury points (at Flag D). There is clearly a difference of view between the Efficiency Unit and the Treasury, though not one that need cause any great difficulty. I suggest you tell Sir Robin that you agree about the importance of the right kind of

incentive, and that you think that it should be possible to meet both his and the Treasury's points by agreeing on suitable wording for a Private Secretary covering minute to the report when it is circulated. The wording would need to be agreed both with Sir Robin and the Treasury before being submitted to you.

- (b) Sir Robin remains anxious that Ministers in charge of Departments do not take their management functions seriously enough. I do not think this is for want of any support from you. Your contribution to the cause, by way of covering minutes, signed forewords and approved Private Secretary letters, is not in doubt. If anything, there is now a risk of debasing the currency by pushing out too much of this from No. 10. Your meeting with newly appointed Ministers and your value for money seminars represent another way forward, and I think you will wish to ask Sir Robin whether he has any bright ideas about fresh ways of getting Ministers to think in the right direction. You might also like to discuss the next suitable departmental candidates for value for money seminars.
- (c) Sir Robin will probably also want to tell you how his scrutiny programme is going, and about the contribution he thinks the Efficiency Unit is making in general terms.

You will remember that Kate Jenkins has recently taken over from Ian Beesley. She will be coming to the meeting too. You met her at the Efficiency Unit reception recently.

*Mark Addison*

Mark Addison

12 May 1986

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