

SUBJECT

CONFIDENTIAL

29 March

CC MASTER



DAVID - fraction

10 DOWNING STREET

From the Private Secretary

SIR ROBIN IBBS

The Prime Minister held a meeting on 1 February to discuss your minute to her of 30 January which reviewed progress on improving efficiency and effectiveness in the public sector. Sir Robert Armstrong, Mr. Beesley, Mr. Redwood and Mr. Butler were also present.

The Prime Minister said that she was grateful to you and your team for all the work you were putting in on this important subject. It was essential to maintain the impetus towards greater efficiency throughout the public sector.

Your view was that Ministerial commitment was the key to implementation. Experience so far showed that a variety of sensible scrutiny recommendations were not being followed up with sufficient vigour. Mr. Beesley cited examples in the PSA (abandonment of "planned maintenance" for certain equipment) and the Patent Office (revised procedures stemming from computerisation). The Prime Minister asked to see a list of those scrutinies and recommendations which had not been implemented.

You proposed that the Prime Minister should hold regular meetings with Ministers to review progress in improving efficiency in their Departments. This would provide an opportunity to offer praise as well as blame. Sir Robert Armstrong suggested that it might also be helpful for you to give a presentation to members of the Cabinet, say every six months. The Prime Minister agreed to this idea. The first presentation should take place after Cabinet on a Thursday between the Budget and the start of the Easter Recess. The first bilateral or trilateral with Departmental Ministers would follow in the early summer, with a further presentation in October and a further bilateral or trilateral at the end of the year. It was agreed that this series of meetings should cover value for money and accountability in programme expenditure as well as in direct administrative expenditure. The Prime Minister said that she was acutely aware, in particular, of complaints about inefficiency in the health service. She had made clear her own reservations about the Griffiths Report. You felt that the report was on the right lines, but that it would be difficult to find managers of the right calibre, and difficult to persuade clinical staff to accept them. The fact was however that, although medical practitioners clearly had to be in charge of clinical matters, a great deal of health service administration was simply general management.

/ The meeting

CONFIDENTIAL

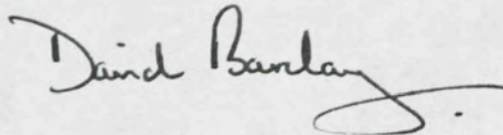
CONFIDENTIAL

- 2 -

The meeting then considered the examples of Departmental plans attached to your minute of 30 January. The major weakness in these was the lack of specific quantified targets related to output. The Prime Minister wondered whether Departments were in fact capable of setting such targets. Your view was that they were, but that they were reluctant to offer up hostages to fortune. You agreed to consider the possibility of setting a deadline for the introduction of quantified targets.

In discussion of motivation, the Prime Minister strongly supported the principle of merit pay, and welcomed Sir Robert Armstrong's statement that proposals on merit pay for Under Secretaries would be coming forward shortly. She had also agreed to the proposed early retirement scheme for senior staff, on the basis that although small it was at least a start. The Prime Minister said that she hoped it would be possible for some element of efficiency savings to find its way back to the staff involved in the form of improved working surroundings.

I am sending a copy of this minute to those who attended the meeting.



David Barclay

2 February 1984

CONFIDENTIAL



FILE
da
c Mr. Beesley

10 DOWNING STREET

From the Private Secretary

MISS WILKINSON
CABINET OFFICE

You will have received separately a copy of my minute of 2 February to Sir Robin Ibbs recording the meeting with him and others held on 1 February to discuss efficiency. It was agreed that Sir Robin Ibbs should make a presentation on this subject to the full Cabinet on a day between the Budget and the start of the Easter Recess.

This minute is to confirm that we should like the presentation to take place on Thursday 29 March. We should aim to start at about 1100, so - depending on business - Cabinet would need to start at 1000 or even 0930.

David Barclay

3 February 1984

2