

PRIME MINISTER

9 May 1984  
POLICY UNIT

PRESENTATION TO CABINET MINISTERS ON VALUE FOR MONEY,  
10 MAY 1984

Robin Ibbs is fighting valiantly to get Ministers to concentrate on the need for management, the importance of setting performance targets and following up to see if they are hit.

Over my years of work as an adviser to a private sector accounting firm on how to carry out value for money audits in local authorities and other public sector bodies, the points which always emerged were:

- 1) How few senior officials in public bodies understood the basic facts and figures about the "business" they were running;
- 2) How if an information system is installed to show them the basic facts and figures their attitudes and views start to change quite rapidly;
- 3) How the establishment of clear targets can raise morale and turn an official into a manager if the target is clear, realistic but stretching;
- 4) How important impetus from the top can be. The Permanent Secretaries and Deputy Secretaries in the Civil Service are the people who have to believe in the scheme and have to give it the necessary push. They will only be persuaded to do it if their Ministers keep on asking them questions about how much progress is being made and what understandable and simple targets have been established.

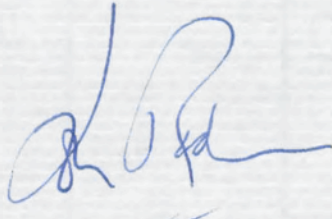
Reading through the materials from Robin Ibbs, as he says, the range of work is both varied and patchy. One general observation is that if the value-for-money approach is to succeed in Government generally, the first step is to use each Minister's MINIS system to identify the big areas and to go for savings in those.

It is a myth to think that you only get savings in small and peripheral areas where it is safe to let the Efficiency Unit loose. The Efficiency Unit is a small dedicated band and their help is needed in the biggest areas of Government where the most impact can be made. We try to work closely with them in the Policy Unit as there are many areas where policy review and efficiency review overlap - eg in the costs of benefit distribution and the complexity of benefit arrangements, in the costs of regulation and the complexities of regulatory systems, and in the criteria

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established for judging the efficacy of job-creating and capital investment stimulating subsidies.

The final message the Seminar should convey is one of hope. When I helped educate local authorities in the ways of value-for-money management, I was greeted with scepticism. It has now become part of the system and the few good treasurers out to make their mark are keen devotees and exponents of the need for clear management information and for targets for management. If you go for the big areas and keep it simple the savings can be enormous. Robin Ibbs has a lot to contribute to Cabinet Ministers in this field.



JOHN REDWOOD

5-50 = week

Up by 6.3% on new in year

↳ my sample shows just

MINIS →

20,000

→

25-30% overmaned

PRESENTATION TO CABINET MINISTERS ON VALUE FOR MONEY  
10 MAY 1984

I shall speak for about 10 minutes and use some supporting slides. My theme will be the need and scope for getting better services at lower cost out of existing public expenditure totals. I shall emphasise that it is up to Ministers to ensure that departments realise this has to be achieved, and to give a sense of urgency - they are the key motivators. I shall explain that my role is to provide support and practical experience from the private sector.

I assume you will wish to introduce the session. You might say that shortly after you appointed me you asked me to concentrate on helping Ministers use the newly developing financial management systems to get real improvements in performance quickly. Since then, in your regular discussions with me, it has become clear that value for money is the right concept on which to focus all this work. You thought it would be helpful for colleagues to hear from me briefly on progress and opportunities for the Government.

At the end of my presentation I shall show a slide about practical steps Ministers can take to move departments further along the right lines. I expect colleagues will wish to discuss these and other issues briefly. (I have deliberately avoided telling officials the content of my talk in advance so that the freshness will not be lost and hopefully so that there will not be a mass of defensive departmental briefing.)

In closing the session you may wish to draw on the following points:

1. The importance of getting a widespread belief that the only sound way forward is to get more out of what is already in budgets.
2. The big difference a Minister can make if he is known regularly to ask what improvements in value for money have been achieved recently in whatever area of operation he is considering.
3. It is right to expect performance to improve continually year by year. To deliver that is the job of managers at all levels in the civil service.
4. You have in mind to have regular meetings with small groups of Ministers to talk about the actual improvements in value for money their departments have made in, say, the past six months. A first such session is planned for the summer and others will follow in the autumn.

I am sending a copy of this minute to Sir Robert Armstrong.

*Robin Ibbs*

bb. ROBIN IBBS  
3 May 1984

Value for money

- the . improve performance

Better value often greater output.

More output for available income

People resist change

- political pay off.

Services and human - no Next Next Next  
of withholding.

Customer have . more value for  
money

Commit What we need it,

Spok of to is just both

Target - concentrate attention

Management of Central Bank.

Rules for to identify and solve  
these problems

Compliance Costs

New Targets

} Targets in detail

RESTRICTED

DB

*Carryme*

Cabinet Office,  
70 Whitehall,  
London SW1 2AS

*Dubs  
8/5*

8 May 1984

PS(84) 8

Dear Private Secretary,

Cabinet Meeting and Presentation on Efficiency,  
Thursday 10 May 1984

It may be necessary to hold the next Cabinet meeting on 10 May in the House of Commons if Wednesday's debate on the Local Government (Interim Provisions) Bill runs into Thursday morning. If this is the case the Cabinet will meet at 10.00 am in the Prime Minister's room, House of Commons but the Presentation on Efficiency by Sir Robin Ibbs, which is planned to follow, will be postponed to a later date when it can be given in No 10.

Your office will be informed if the above arrangements become necessary but in the meantime you should assume that the Cabinet meeting at 10.00 am and the Presentation which follows are to be held in No 10.

I am copying this to Private Secretaries to all members of the Cabinet, the Chief Whip and the Minister of State, Privy Council Office.

Yours sincerely,

(Signed) LINDSAY WILKINSON (MISS)

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MR. BARCLAY

Presentation on Efficiency - Thursday  
10 May at 1130

We are in difficulties. There is an all-night sitting on Wednesday 9 May which may still be going on the following day. This means that we will have to have Cabinet at the House.

It is possible to have this presentation over there but I need to discuss this with you.

cl

4 May 1984



10 DOWNING STREET

*From the Private Secretary*

23 March 1984

MJ  
cc Cabinet  
Paul Cann,  
Ld Gowrie's  
Office  
Mike Corcoran  
Heyhoe's office  
CO  
Sir R Ibbs

Civil Service Efficiency

In my letter of 13 March, I said that the Prime Minister had invited Sir Robin Ibbs to give a presentation on efficiency to Cabinet Ministers after their meeting on 29 March.

BF | I regret that we have had to postpone this presentation because of the probable length of the Cabinet agenda. It will now take place after Cabinet on Thursday 10 May at approximately 11.30 am.

I am sending copies of this letter as before.

David Barclay

Miss Janet Lewis-Jones  
Lord President's Office.

ECC





ECL

10 DOWNING STREET

From the Private Secretary

13 March 1984

Dear Janet,

Civil Service Efficiency

Robin Butler's minute of 6 October 1983 to Sir Robin Ibbs set out a framework for continued work to improve efficiency in the public sector. The Prime Minister continues to attach high priority to this task. She has decided to invite Sir Robin Ibbs to give a presentation on efficiency to Cabinet Ministers immediately after their meeting on Thursday 29 March (at approximately 11 am). The presentation will take place at 10 Downing Street, and will last approximately three-quarters of an hour including discussion.

I am sending copies of this letter to the Private Secretaries of all members of the Cabinet, to Paul Cann in Lord Gowrie's office and to Mike Corcoran in Barney Hayhoe's office (both of whose Ministers are invited to attend the presentation), to Richard Hatfield in Sir Robert Armstrong's office, and to Sir Robin Ibbs.

Yours ever,

David

David Barclay

Miss Janet Lewis-Jones  
Lord President's Office

ECL