

MR. BUTLER

SEMINARS ON EFFICIENCY

I attach the main papers on the Prime Minister's efficiency seminars, for your meeting with Sir Robin Ibbs tomorrow.

You asked for my views. In sum, I think the meetings as presently constituted serve too narrow a purpose to justify the amount of Prime Ministerial time they consume. I suggest that the agenda is widened, to include an appraisal of the overall balance of a Department's effort, and eventually the balance between Departments.

The efficiency of any given activity is measured by the ratio of input to output (or to put it another way, value for money). The current seminars are intended to review the scope for improving that ratio in selected areas of Departmental activity. As such, I think they are a sledgehammer to crack a nut. The seminars do not address two questions which are arguably more important than efficiency per se:

- (i) Is the current level of output the optimum level, viewing each activity as a separate entity?
- (ii) Is the balance between different activities the optimum balance, given an overall constraint on a Department's resources?

Under the FMI, departments are expected increasingly to review the overall balance of their activities. But apart from the Treasury's eagle eye, there is no mechanism for looking at the balance between departments. This is an important function, which the Prime Minister's seminars could begin to address.

Sir Robin Ibbs may not welcome changes on these lines because they appear to play into the hands of the Treasury. But there is no point in the Prime Minister giving up a lot of time to meetings which avoid the most important issues.

A footnote: do you really need to attend and minute all these meetings yourself? I am not complaining (quite the contrary!) - but I do wonder whether they are not rather a burden on your time, as well as the Prime Minister's.

Ibbs
13 November, 1984.