

cc. Mr. Ingham  
Mr. Elsher

0.10



Prime Minister

Agree x?

FERB

12.6.

CONFIDENTIAL

Yes - very much so  
mf

PRIME MINISTER

My attention has been drawn to an item in today's "Times" (copy attached) which claims I told Norman Tebbit that his first year's work in getting value for money from his Department's £1.5 billion budget had not come up to scratch. I regard the report as slanted and mischievous.

The statement in the Times is based on selective quotations from a letter (copy also attached) which I sent to Norman on 22nd August last year as part of my programme pressing Departments to set worthwhile challenging targets, and following up the Value for Money Seminar which you had had with him.

It seems that the reason for the item appearing in the Times is that the DTI and the Treasury decided to include an internal DTI memorandum, which quoted selectively from my letter, as part of a document on "Top Management Systems" published this Monday. It is of course greatly to Norman's credit that he used the strictures in my letter as part of his drive to improve the performance of his Department. It is ironic that because of what to me is an astonishing decision on publication, it should have back-fired in this way.

I believe that the advice and observations that I put to Ministers in the course of my work as your adviser on efficiency should be treated as confidential, with only occasional specifically agreed exceptions. Disclosures such as the present one make it too easy for the Press to make mischief.

x | I suggest that it may be helpful if Departments are reminded that my correspondence and dealings with Ministers are confidential. Perhaps Robert Armstrong could mention this at one of his regular meetings with Permanent Secretaries.

I am copying this to Norman Tebbit and Robert Armstrong.

*[Handwritten signature]*

Robin Ibbs

12 June 1985

Enc.

I think it would be worth Robin writing to the Times. Attention the report by Tony Junis (the who a slur on Norman) looks mf

THE TIMES

# Tebbit's budget under scrutiny

By Anthony Bevins  
Political Correspondent

The head of the Prime Minister's Downing Street efficiency unit has told Mr Norman Tebbit, Secretary of State for Trade and Industry, that his first year's work in getting value for money from his department's £1.5 billion budget had not come up to scratch.

An internal Whitehall document published by the Treasury yesterday stressed the importance of value for money targets - economy, efficiency and effectiveness - in each and every division of Mr Tebbit's empire.

But a letter sent to heads of DTI divisions on September 26 last year said: "Their importance has recently been underlined by Sir Robin Ibbes, the Prime Minister's adviser on efficiency and head of the Cabinet Office Efficiency Unit."

Departmental officials were then told: "In a recent letter to the Secretary of State he said, with reference to the 1984 Activity and Resource Management System/Divisional Work Programme round, that 'last year's work does not seem to have led to the setting of verifiable value for money targets in many areas."

"I trust that the work which is now in hand... to set targets for 1985/86 will produce many more specific, testable, dated and quantified targets."

Within days of the letter being sent out, Mr Tebbit, and his wife, Margaret, were to become victims of the IRA bombing of the Grand Hotel in Brighton.

But publication of the Ibbes letter, part of a Cabinet Office-Treasury review of Whitehall's financial management, underlines the belief at Westminster that Mr Tebbit has failed to come to grips with his department's voracious appetite for cash.

It is that view which has fed speculation that the Prime Minister is planning to switch Mr Tebbit to the chairmanship of the Conservative Party and use a hard-headed business manager like Mr Michael Heseltine, the Secretary of State for Defence.

Sir Robin Ibbes is a director of ICI and was called into government service by Mrs Thatcher in 1983 to follow up the efficiency review which had been launched, to Whitehall consternation and resistance,

by Lord Rayner, chairman of Marks and Spencer.

The latest DTI Activity and Resource Management exercise began in January and will continue until next March.

On value for money, officials were told that targets should link, in a logical fashion, the three elements of cost-effective administration:



Sir Robin Ibbes, adviser on efficiency to Mrs Thatcher

"Economy - in the claim on resources (as measured by the ratio of staff to enquires or applicants); efficiency - in the claim on resources; effectiveness - in meeting certain external objectives (as measured by investment related to each £1 of DTI expenditure."

The Treasury documents also included a paper on *Resource Allocation in Departments*, which suggested that spending programmes which had previously escaped attention, because they were not subject to policy change or pressure for additional resources leading to a search for offsetting savings, would come under closer scrutiny.

Late edition

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