

CC BOP

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PRIME MINISTER

You are meeting Sir Robin Ibbs on 6 November to discuss value-for-money targets. You may like to have a few comments from me.

2. In my view, the reforms introduced since 1979 and focusing on value for money in the public service are now solidly established in Departments. An informal seminar of Permanent Secretaries at Sunningdale last month, in which Sir Robin Ibbs participated, revealed that Departments saw the Financial Management Initiative (which seeks to extend personal responsibility for financial decisions throughout Departments, while strengthening the overall control of its top management collectively) as a permanent and positive reform. As Sir Robin Ibbs noted in his minute to you of 3 September accompanying his second report on value-for-money targets, the principle of target-setting has also been widely even if not yet universally adopted in Departments, and has taken firm root.

3. Permanent Secretaries would endorse Sir Robin Ibbs's comments about the importance of their own leadership role in securing better value for money. I did not notice in the comments made at Sunningdale any tendency to delay or fudge these issues. But some Permanent Secretaries said that they were concerned that aspects of public spending controls (the sometimes arbitrary nature of cuts, annuality etc) determining the financial and other resources available were difficult to reconcile with a long-term, efficiency-oriented target-setting approach. I think this is a real difficulty, with which Departments have to come to terms; it is inevitable that

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Departments will find that some of their targets are not achieved for no fault of their own, but rather because the resources which would be required cannot be made available.

4. I agree generally with the comments which Sir Robin Ibbs makes on his three suggested points for discussion. In particular I think Departments would welcome the extension of the scrutiny approach. My only caveat is that there is a feeling that we have had as many central initiatives, reforms and investigations as the system can take, and that there is a case for not pressing too hard: there may now be a need to allow the new structures to settle down and produce results.

5. I am sending a copy of this to Sir Robin Ibbs.

Carl Bowdery

ROBERT ARMSTRONG

(Approved by Sir Robert Armstrong
and signed in his absence.)

5 November 1985