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PRIME MINISTER

We are due to meet on 6 November to discuss value for money targets and progress in steadily improving the use of taxpayers' money. Substantial advances have been achieved in introducing good techniques and better systems - the need now is more determination and leadership - particularly in departments - to ensure that these improvements are used to good effect.

In 1979 you asked Derek Rayner to help Ministers manage government. He did an excellent job and created both a technique for getting action to improve things now - the scrutiny - and a programme of wider structural change - the lasting reforms. Since you appointed me in 1983 I have concentrated on strengthening the forces in the government system which push people to look for better ways of doing things. I have asked Ministers to show that value for money matters to them and have focused attention on the leadership role of the Permanent Secretaries in securing better value for money in departments.

My report to you of 3 September evaluates the progress on getting Ministers to adopt targets to improve value for money. It shows that targets and actual performance are improving year by year, but in many instances the endeavours are still insufficiently ambitious. Those of us who live in a competitive environment know that what is good enough today will not be good enough tomorrow and that you have to work unceasingly to stay ahead of the game. The performance of departments varies widely but in general I do not believe that this is yet appreciated sufficiently well in government.

There is insufficient urgency to get good results delivered on the ground; the instinctive reaction to a problem is a committee discussion (often inconclusive) and a willingness to fudge. The culture still attaches more importance to co-ordination and consensus than to speedy results. Some of the promising people who are attracted away from the civil service go because they see opportunities outside government to do things.

In my experience, whether in the private or the public sector, people only go really hard for value for money if there is a sense of crisis or if they have a natural burning passion to do so. The latter occurs from time to time in great leaders but most people will only deliver better value for money substantially and quickly when they are faced with dire consequences if they do not do so. The problem is how to produce this sense of urgent need.

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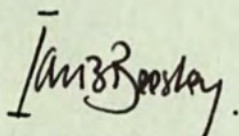


  
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In the light of this I suggest concentrating on the following specific points when we talk:

1. Your value for money seminars galvanise departments into action. Ministers' targets to improve value for money are a good focus for those occasions. We need to keep them pointed firmly at results.
2. How to persuade your colleagues that it is in their direct political interest to get every possible pound of value from the resources available. This is a matter of will not techniques. But given the determination, scrutinies could be used far more extensively, in some instances with imaginative adaptation of the approach. We have had success in moving them into programme areas - for example to reduce burdens on business and to assess the targeting of the urban programme. We need to build on this. My report to you on implementation of scrutiny findings which has just been published provides a mechanism to pin action on Permanent Secretaries to deliver results which, to their credit, they have generally welcomed. But in cases where there is no such mechanism implementation of decisions can be unconscionably slow. Would more statements in public of your determination to improve value for money for the taxpayer's pound have a galvanic effect on your colleagues?
3. Within the system, can life be made more uncomfortable for those who fail to make agreed targets (for example on holding down running costs)?

I am copying this to Sir Robert Armstrong.



pp ROBIN IBBS  
31 October 1985

*(Approved by Sir Robin Ibbes and signed in his absence.)*

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