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7 November 1985

This is just to record that the Prime Minister has seen and noted the Chief Secretary's minute of 6 November about running costs. She was grateful for this report.

TIM FLESHER

Richard Broadbent, Esq.,
Chief Secretary's Office,
HM Treasury.

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bc Ian Beesley

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

— PERFORMANCE RELATED BONUSES

See Ministers
June 1979
PMS meetings with
Junior Ministers,

During today's Seminar for Junior Ministers, there was some discussion of the system of performance related bonuses. The Prime Minister would like to have a short report on the progress in implementing this scheme, including information on the reports which she understands Hay-MSL have produced.

NIGEL WICKS

7 November 1985

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10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

DUTIES AND RESPONSIBILITIES OF CIVIL SERVANTS
IN RELATION TO THEIR MINISTERS

The Prime Minister has seen your minute of 1 November in which you seek her approval for the submission to a sub committee of the Treasury and Civil Service Committee the memorandum attached to your minute. The Prime Minister is content for you to submit the memorandum.

I am sending a copy of this minute to Mr Thomas, Office of the Minister of State, Privy Council Office.

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7 November 1985

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FROM: CHIEF SECRETARY
DATE: 6 November 1985

PRIME MINISTER

RUNNING COSTS: PROGRESS REPORT

Cabinet on 3 October endorsed my proposed arrangements for settling running costs in the Survey.

2 At that time, the overall running costs bids indicated an increase in 1986-87 of more than 7 per cent when compared with the current year's Estimates provision. I am glad to be able to report that, with considerable co-operation from colleagues, the figure has been reduced substantially. Some minor issues remain to be settled, but it looks as though the overall increase will be no more than 5.7 per cent. That figure of course does not include any increase for DHSS running costs which may stem from the Social Security changes. The published figures might show a figure closer to 5 per cent, because the expected outturn for this year, 1985-86, could be higher than the original estimate. It is too early to be sure about that.

3 We have undertaken to publish departmental running costs figures. I am considering what timing would be appropriate, and will tell colleagues what has been decided in due course.

4 I am copying this to members of the Cabinet and Sir Robert Armstrong.

Prime Minister 2

To note. Mr Heseltine made a great fuss about his exercise. He went along in the end on the basis that running costs in the MOD will be managed to a target, not a limit.

John MacGREGOR

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6/11



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