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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

**MISS KATE JENKINS
EFFICIENCY UNIT**

The Prime Minister has seen Sir Robin Ibbs' minute of 8 August on progress with achievement reports on major projects. She was content with work so far and looks forward to talking with Sir Robin when the first complete report is available. No doubt you will be in touch with Caroline Ryder to arrange a suitable time when that report has been submitted.

I am copying this minute to Michael Stark (Cabinet Office).

TIM FLESHER
19 August 1986

||| neatly arranged for 0900 on Friday 24 = OK

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Prime Minister:
The Efficiency Unit seems to have made a useful start. Sir Rbr 1665 wants to have a talk with you when the first report is ready.

11/8

PRIME MINISTER

ACHIEVEMENT REPORTS ON MAJOR PROJECTS

In May we discussed the possibility of keeping track of progress on major projects in large Departments. Defence projects have been a particular cause for concern.

I have discussed with Clive Whitmore and Ken Stowe ways of developing a system of reporting on the major projects in their Departments which would show you how they are progressing against their approved costs and completion dates, and give you early warning if things are going off course.

The Efficiency Unit has been working with the Procurement Executive on the first set of reports from the MOD. They cover the eight projects listed in Table 1 in the Annex which is an example, as yet incomplete, of what we have in mind. The first sheet lists the projects with key cost data. The second sheet, on an exception basis, gives key milestone data on either achievement or slippage against timetable. The Efficiency Unit should be able to provide you with very brief reports every two months on these lines starting in September. In my view reporting of this kind is one safeguard (although not complete in itself) against a recurrence of the NIMROD problem. It may be helpful if, when we have the first complete report in September, you and I briefly discuss what these reports can tell you. So far the Unit has concentrated in MOD on the work of the Procurement Executive but we are also exploring the possibility of regular reporting on key administration as well as procurement projects

2/11/86

The information in these reports will provide useful background to the VFM seminar you are to hold with the Procurement Executive later in the year. My impression is that preparing these reports has already had a salutary effect within the Procurement Executive, in forcing project managers to focus on their key milestones and produce simple, intelligible reports for top management. I recommend that we persevere with it. I hope we can produce a similar report for DHSS shortly; it has been delayed by Ken Stowe's illness.

I have also been looking at the ways in which the MOD are trying to prevent recurrence of the NIMROD situation on development projects. I hope to be ready to report to you in September.

I am sending a copy of this minute to Robert Armstrong.

ROBIN IBBS
8 August 1986

SRI3:Table1

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(A) PROJECT OVERVIEW DATE.....

PROJECT	BASELINE ESTIMATES		TOTAL COST		CURRENT ESTIMATES		IS DATE		TOTAL SPEND TO DATE		
	DATE	TOTAL UNIT COST	IN SVC DATE	LAST	THIS	LAST	THIS	LAST	THIS	LAST	THIS
Type 23 Frigate				-	167m	-	115m	-	3/91	-	44m
Stingray				-	2300m	-	185k	-	9/83	-	943m
LAW 80				-	382m	-	1338	-	12/87	-	71m
MCV 80				-	489m	-	467k	-	3/88	-	81m
EFA				-	5444m	-	17m	-	/97	-	2.5m
Harrier GR5				-	1529m	-	12.9m	-	/88	-	306m
Nimrod							Interim £50m 6 month contract				
Trident Sub.							To be added in September report				

SRL3: Table 2

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(B) MILESTONES EXCEPTION REPORT DATE.....

PROJECT	MILESTONE REFERENCE	COMPLETION TARGET LAST	COMPLETION TARGET THIS	COMMENT/REASON
<u>EXAMPLES</u>				
Type 23 Frigate	Propulsion motors shipped		1/87	
Stingray	Contract for 2000 warheads placed		8/86	
EFA	Submission to Equipment Policy Committee		1/87	
Harrier GR5	First flight of P3		9/86	

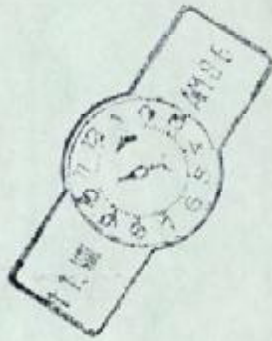
ANNEX A

Project Reporting

The Efficiency Unit will summarise the Ministry of Defence information every two months in the attached tables.

Table 1 compares the current forecast of key targets against the previous forecasts (ie. 2 months earlier) - and against the baseline forecast. MOD are still working on the baseline forecasts which will be from the most recent Equipment Policy Committee or equivalent review. These will be included in the September report.

Table 2 shows on an exception basis, the milestones targets where the forecast completion date has changed significantly since the last report or where a milestone date has been missed.



London, 1913

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sent to the office in the month of...

The second is the fact that the number of letters
sent to the office in the month of...
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