



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBIN IBBS

The Prime Minister saw you on 24 October to discuss the four issues outlined in your minute of 22 October. Miss Kate Jenkins was also present.

Progress Chasing: Ministry of Defence

The Prime Minister welcomed the institution of regular project reports from the Ministry of Defence. It would be very important to ensure that the information that went into the reports was strictly accurate and realistic. She raised a detailed point about the Stingray figures, and suggested that the figures for Trident should be broken down to indicate spending on the different components of the system. Where the reports showed that projects were running into difficulties, she would want a rapid explanation of the reasons why and a clear indication of where responsibility lay. She might wish to intervene directly herself on such occasions.

The Prime Minister welcomed Scrutiny to be carried out to examine the MOD's technical and scientific resources, to ensure proper target setting and monitoring of progress up to the contract specification stage. She noted that past experience, for instance with Nimrod, revealed that this was often the phase where major mistakes were made.

The Prime Minister notes your doubts about the effectiveness of the Defence Equipment Policy Committee. She wonders whether there is a case for a drastic revision of the structure, membership and procedure of this committee. In the

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case of really major projects, she believes that the Committee might be instructed to report to senior Ministers collectively rather than just to Defence Ministers. You agreed you would talk to Sir Robert Armstrong about these points so that they could be followed up in the course of your further contacts with the MOD.

Improving Management in the Civil Service

The Prime Minister agreed that you should proceed as you suggested in your minute of 16 October. She was most concerned that such an initiative was needed after seven years of effort to improve management in the Civil Service. You emphasised that real progress had been made in improving Civil Service efficiency during the last seven years. New systems were not required, but existing systems needed to be given a sharper edge. In contrast to ICI, there was a lack of eagerness down the line in the Civil Service to push forward the drive for efficiency. The challenge now was to accelerate the change below the highest level. You believed that you would have the cooperation of the Permanent Secretaries in this endeavour. But you feared that as the General Election cast its shadow the pressure for reform would fall. The Prime Minister urged that you should press forward with your inquiry. She would consider whether it would be worth her meeting certain Permanent Secretaries to help push matters forward.

Scrutiny Programmes

The Prime Minister was most disappointed to read that progress in implementing the Scrutinies was not as good as it should be. It was noted that action plans were still outstanding for both the 1985 Ministry of Defence Scrutinies. She agreed that you should proceed as you proposed in your minute of 22 October on the Efficiency Unit's Scrutiny Programme. You then discussed certain aspects of the 1985/86 Scrutiny Programme during which the Prime Minister asked that the Chief Secretary's attention should be drawn to the saving of

£22 million recommended following the remission of NHS Charges Scrutiny. (I have spoken to the Chief Secretary's office about this.)

In connection with the Accommodation Review, and her recent decision that ODA should occupy Richmond Yard, the Prime Minister asked the Efficiency Unit to confirm that ODA would be charged a proper rental for their use of the building. The Unit might think it worthwhile generalising their enquiry to check that all departments were being charged proper level of rents for the property they occupied in central London.

VFM Targets

The Prime Minister noted that you would shortly report to her on your round of talks with Ministers and Permanent Secretaries to discuss their value for money targets.

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

N. L. W.

N. L. Wicks

28 October 1986



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From the Principal Private Secretary

28 October 1986

The Prime Minister discussed last week with Sir Robin Ibbs the Efficiency Unit's central scrutiny programme.

She was disappointed to hear that action plans are still outstanding for both the 1985 Ministry of Defence scrutinies; Naval Ship Acceptance Procedures and Ammunition Procurement. She hopes that you will ensure that these plans are quickly agreed and that their implementation is pursued with vigour.

N. L. Wicks

John Howe, Esq.,
Ministry of Defence.

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