PO CH/NL/0442 PTA

Begins: 7/11/88.
Ends : 28/4/89.

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PT. A.

Chancellor's (Lawson) Papers:
Information Technology In Government Departments.

D D'S: 25 Years

2/2/96.

FROM: A P HUDSON
DATE: 7 November 1988

MR D LLOYD (EOG5)

cc   PS/Sir P Middleton
     Mr C D Butler
     Mr I P Wilson
     Mr A C S Allan
     Mr P Cobb
     Mrs Spragg

OFFICEPOWER: FONT FOR CHANCELLOR'S SPEECHES

This is to confirm our conversation earlier this afternoon.

2.   As you know, the Chancellor has said that he would find it easier to read speeches if, instead of our current block capital type, we presented them in the same way as the Prime Minister's are done: very large letters in ordinary type-face. I attach a mock-up, using the Autumn Statement, which Mrs Spragg did, and which the Chancellor described as "very promising". (I understand Mrs Spragg has already passed this on to you.)

3.   You agreed to pass this on to Compel, for them to consider. As I said, please could you set them the target date of getting us the new font by Friday 25 November, in time to do a trial run before the Chancellor's next big Parliamentary speech, which is likely to be on Tuesday 29 November. I realise this is short notice, and that we have moved the goal posts since our original request. If it helps for Mr Allan or I to have a word with somebody senior in Compel or Dataproducts, we can readily do so.

4.   One detail, which may help. The Chancellor has commented that, even with this larger type face, he would still prefer fractions to be set out $^1/_4$, so we do not need these on the font.

A P HUDSON

CHANCELLOR OF THE EXCHEQUER'S AUTUMN

STATEMENT, 1 NOVEMBER 1988

With permission, Mr Speaker, I should like to make a statement.

Cabinet today agreed the Government's public expenditure plans for the next three years.

than was allowed for in the last Public

Expenditure White Paper.

In other words, only around £¼ billion of

the £3½ billion reserve I provided for is

in fact likely to be needed.

The main reasons for this shortfall are an

extra   £1 billion   in   privatisation

proceeds, a reduction in social security

spending of almost £1 billion as a direct

result of the sharper than expected fall

in unemployment, and a saving of some

£¾ billion largely due to extra housing

receipts under the right-to-buy

programme.

Taken together with the strong growth in

the economy this year, and the

containment of debt interest now that the

Budget is in surplus, this means that

total public spending this year, even

For 1990-91, however, though these two
factors will persist, the planning total
has been set at £179½ billion, some
£3¼ billion more than the previously
published figure.

For 1991-92, the planning total has been
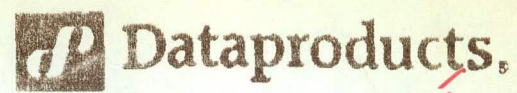set at £191½ billion.

These totals include the same level of
reserves as in last year's plans; that is

D. Lloyd & 535 (

bf 23.11

17/11/88   **Dataproducts,**

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Description :- PRESENTOR 18/1

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The letters can be
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do fractions ¼.
But shall we give
this a try, for the
Debate on the Address?

MUST !!
(psr let me
see on
... rule)

AH

yr psr

so placidly amid the noise and haste and remember
what peace there may be in silence. As far as
possible without surrender, be on good terms with
all persons. Speak your truth quietly and clearly
and listen to others, even the dull and ignorant
they too have their story.

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recently. May
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AH

17/11/88

D. Lloyd & 535(bf 23.11

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Yr Psr

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... there may be in silence. As far as
... ... possible. ... ... surrender be on good terms with
... persons. Speak your truth quietly, and clearly
... listen to others, even the dull and ignorant
... too have their story.

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*Pl. cd I have
a note I sent
to D. Lloyd
recently. May
be on bf.*

AH/

Cabinet today agreed the Government's public expenditure plans for the next three years.

I am therefore taking the earliest opportunity of informing the House of the contents of the Autumn Statement: that is, the public expenditure plans for the next three years, and the expected outturn for this year; proposals for

UNCLASSIFIED

FROM: A P HUDSON

DATE: 5 December 1988

MR D LLOYD (EOG5)   cc   Sir P Middleton
                                  Mr C D Butler
                                  Mr I P Wilson
                                  Mr A C S Allan
                                  Mr P Cobb
                                  Mrs Spragg

OFFICEPOWER: FONT FOR CHANCELLOR'S SPEECHES

This is a belated note to thank you very much for your determined
efforts to get hold of the new font for the Chancellor's speeches,
in double-quick time. It makes life a great deal easier, and we
are all most grateful.

A P HUDSON

1. Mr Phillips

2. Paymaster General

copies attached for:
Chancellor
Chief Secretary
Financial Secretary
Economic Secretary
Sir Peter Middleton
Mr Anson

cc Mr Monck
   Mr Burgner
   Mr Healey
   Miss Peirson
   Mr Spackman
   Mr Beard
   Mr Gieve
   Mr Gilhooly
   Mr F K Jones
   Mr Revolta
   Ms Roberts
   Parliamentary Clerk

I agree with these recommendations.

As you know we have been closely consulted on the preparation of this White Paper: have drafted ch 7 - Review of IT in Government; and have been able to use the Select Committees criticisms helpfully, to sort out the respective roles of the DTI and CCTA.

HP.
15/2

GOVERNMENT RESPONSE TO THE TRADE AND INDUSTRY SELECT COMMITTEE REPORT ON IT

Lord Young has now agreed a draft response, and will be writing to E(A) today for agreement to publish. Meanwhile I attach advance copies of the draft for you and Mr Phillips only, and the latest version of the summary for all addressees. Publication as a Command paper is planned for 9 March: because of the heavy CCTA content Lord Young will be asking the Chancellor to be associated formally with the publication. Press handling arrangements are still under discussion.

As indicated in Mr Beard's minute to you of 11 January (not copied to all), the report is not helpful to government in general or CCTA in particular. Few recommendations can be positively accepted. For CCTA the problems are accentuated because the Committee failed to understand its role and its relations with departments.

DTI's approach in drafting the response has therefore been to

present the government's existing policies positively and robustly. It is this rather than the Committee's recommendations that determine the structure. As paragraph 1.2 indicates, this is not unreasonable, since the Committee expressed unease about the difficulty of seeing a clear government policy towards IT. All the Committee's recommendations are picked up, and Appendix A correlates them to the text of the response.

The summary, which will come at the beginning of the response, sets out structure and coverage. The following are points of particular Treasury interest.

Chapter 1 sets out the policy framework. It draws out DTI's IT role from the Enterprise White Paper, and sets this alongside the specific responsibilities of other departments - Education, Employment, SERC and CCTA - to show that the structure fits together coherently. DTI has a broad role in respect of the health of the IT market and IT use: but it does not and should not have executive responsibility for all aspects of IT.

Chapter 2 builds on this to reject three of the Committee's key recommendations. There should not be an overall ministerial IT "overlord" if that means DTI taking a wider executive role. The government should not make greater use of its influence in the IT market to promote wider policy objectives: by "government" the Committee mean the whole of the public sector, and even within government departments, IT use needs to be driven by business needs and not by eg the wish to "pull through" new technology, however desirable that might be. The role of CCTA does not need to be redefined - the roles of DTI and CCTA are complementary, though there will be some uprating of present co-ordination arrangements.

Chapter 5 firmly rejects the idea that government should take the lead in bringing into existence a national broadband communications network. It also covers IT standards, bringing

out the importance of OSI standards in procurement following EC directive 87/95, the role of CCTA in developing the GOSIP profile for IT procurement and the current proposals for CCTA to lead development of a European version of GOSIP.

Chapter 6 gives the recommendations on taxation the standard pre-Budget response.

Chapter 7 deals with recommendations that impinge directly on CCTA. It sets out the respective responsibilities of CCTA and individual departments, a point which caused the Committee considerable confusion. It explains arrangements for steering IT in departments, for preparing IT strategies and for publishing key elements of strategies and forward plans. It covers IT training arrangements for senior staff; and the increasing use of the IT services sector to complement in-house skills.

Chapter 7 also mounts a robust defence of government IT procurement. The Committee were critical following evidence from Mr Cleaver of IBM: you will be seeing him shortly to discuss his ideas, which in the event do not propose major changes. The text sets out the central importance of value for money (but indicating that investment appraisal and procurement procedures take account of the long term perspective); the approach to procurement by defining requirements and the implications of EC/GATT; and what CCTA has done to improve and simplify procedures, including setting up Standing Arrangements.

I recommend that you agree to the publication of the draft as proposed, and that the Chancellor agrees to be associated formally with it.

P M RAYNER

SUMMARY

This White Paper is the Government's reply to the House
of Commons Select Committee Report on IT. To meet the
Committee's concerns about the coherence of government
policy, the response is a comprehensive statement of
government policy towards IT. It also addresses each of
the Committee's 52 detailed recommendations (which are
listed in Appendix A showing the relevant paragraphs of this
White Paper).

Government policy towards IT (Chapter 1)

The Government's five main policy objectives towards IT are:

- to promote the widespread use of IT within the UK in
  accordance with best practice, so that businesses and
  others can become more efficient and effective through
  the use of IT to meet their needs;

- to ensure, so far as possible, that the education
  and training system meets the needs of IT users and
  suppliers for suitably skilled manpower;

- to improve the efficient functioning of the IT
  market and to encourage its development by liberalising
  the telecommunications market; supporting the
  development of international standards; and promoting

open markets internationally;

- to support basic and strategic IT research in higher education institutions; and to encourage UK firms to use this and other research to strengthen their technological capability, where appropriate in co-operation with European partners; and

- to make the fullest possible cost-effective use of IT within government to increase the efficiency and effectiveness of public administration and to achieve the business objectives of each government department.

This policy framework is not an overall "strategy" for IT but represents a coherent set of programmes which address the issues affecting IT that are properly the concern of government.

Government's approach to IT (Chapter 2)

The Government are unable to accept the three key themes of the Committee's report:

- All aspects of IT policy should be the responsibility of a single Minister or department. The Government do not believe this is either feasible or desirable: IT touches on many aspects of government policy.

- Government, as a single purchaser of IT, should

make greater use of its influence in the marketplace.
The Government do not agree that it is appropriate to
view the central government - or the public sector -
as a single purchaser. Government departments and
other public sector bodies have widely differing needs.
Moreover, the Government do not consider that public
procurement should be used as a policy instrument to
pull-through technology.

- The roles of DTI and CCTA should be re-aligned.
The Government consider that DTI and CCTA have distinct
roles. DTI works throughout the economy to promote
best practice; to stimulate technology transfer; to
improve the efficiency and competitiveness of the IT
market; and to encourage collaborative research. CCTA
is responsible for promoting business efficiency and
value for money in the development and use of
information systems by government departments and
agencies.

DTI is concerned to see that messages it is putting
across to business users are heard, as appropriate, in
the public sector. A new DTI/CCTA high-level committee
has been established to formalise existing links on
matters of common interest.

Use of IT (Chapter 3)

This chapter describes the main DTI programmes under the

Enterprise Initiative to promote use of IT:

- Financial and Information Systems Consultancy
  Initiative;

- Manufacturing Systems Consultancy Initiative;

- £12 million Advanced IT technology transfer
  programme;

- £12 million Open Systems technology transfer
  programme.

DTI has recently commissioned a study to investigate the
effectiveness of IT systems, especially in small and
medium-sized firms. DTI has also published the results
of an official survey which provide some basic information
about the use of IT in the production sector.

IT skills (Chapter 4)

The wide range of actions taken by the Government in
relation to IT education and training are described in this
chapter. The use of IT in the learning process is being
encouraged at all levels in the education system. Current
schemes include the DES's IT in Schools Initiative (£30
million per year for 1988/89 and 1989/90) and the DTI's £6
million Technology in Schools programmes.

IT also features prominently in the training schemes run by

the Training Agency, for example the High Technology
National Training initiative. Trainees on Employment
Training will be able to undertake IT training as part of
their Individual Action Plans.

Employers - both IT suppliers and users - must take the lead
in making a reality of the concept of training through life
for all employees. The IT industry needs to build on its
recent initiatives to increase the levels and standards of
IT training.

Improving the IT market (Chapter 5)

The Government are committed to open and competitive
markets, both domestically and internationally. In response
a Committee recommendation, the Government make it clear
that they have no plans to require the creation of a
national broadband communications network based on
fibreoptic cable.

DTI provides significant support for IT standards-making
under a £17 million programme. DTI will be consulting
widely on a proposal to establish, within the framework of
BSI, an "IT standards institute". DTI is also writing to a
number of leading IT firms to invite their participation in
an exercise to establish their individual "balance of
trade". This might helpfully identify scope for more local
sourcing of components.

Research and development (Chapter 6)

DTI and SERC have implemented improved arrangements for managing support for IT R&D. A key feature is the setting up of the Information Technology Advisory Board (ITAB) with wide terms of reference to serve both organisations. ITAB advises on all aspects of DTI and SERC support for IT R&D.

The chapter also explains how DTI and SERC go about determining priorities for public support for IT R&D. In 1989/90, it is forecast that about £100 million will be spent on IT R&D under a range of programmes, including the European programmes in which the UK participates.

Use of IT in government (Chapter 7)

The respective roles of user departments and CCTA are set out in this chapter. Departments are encouraged to develop information systems strategies and to publish the essential elements of these to make IT suppliers aware of their plans. Departments are increasingly using IT services. By the mid-1990s as much as one third of departments' IT systems development and computer operations could be performed by the private sector.

CCTA provides a procurement service which departments may, but are not required to, use. Procurement procedures are regularly reviewed and are thought to be at least as good as those of other EC Member States. Other ways to speed up the overall process, by reducing the pre-procurement timescale, are being examined. In recent years CCTA has developed Standing

Arrangements as a straightforward means of handling standard IT purchases. In 1987/88, 88% of all contracts for IT were placed by departments under these arrangements, without CCTA involvement of any kind.

Conclusion (Chapter 8)

Government continues to attach a high priority to IT. The activities in support of the Government's policy objectives represent a coherent and comprehensive programme. It is within this overall framework that the Government's policy towards IT will continue to evolve.

dti
the department for Enterprise

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

. Dominic Morris Esq
Private Secretary to the
 Prime Minister
10 Downing Street
LONDON
SW1A 2AA

**Department of
Trade and Industry**

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877
Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line   215 5623
Our ref   PS3CBV
Your ref
Date   15 February 1989

Dear Dominic,

**IT WHITE PAPER : GOVERNMENT RESPONSE TO THE TRADE & INDUSTRY
SELECT COMMITTEE REPORT ON INFORMATION TECHNOLOGY**

We are due to reply to this Select Committee report early next
month.   This letter seeks clearance of the attached reponse.

The Secretary of State considers that the Committee's report
makes no convincing case for any significant change in
Government policies.   He has, therefore, decided to respond
to the Committee by publishing a positive and robust White
Paper giving a comprehensive statement of the Government's
policy towards IT and which also addresses the Committee's
detailed recommendations.

The attached draft has been prepared in close consultation
with interested Departments.   In view of the Treasury's
interests in the subject matter, the Secretary of State
proposes that the Chancellor of the Exchequer should be
formally associated with the White Paper.

It would be helpful to have agreement to these proposals by
close of play on Tuesday, 21 February.

dti

the department for Enterprise

Copies of this letter go to the Private Secretaries to members of E(A) and the Secretary of State for Education and Science, and to Sir Robin Butler.

Yours
Gareth

GARETH JONES
Private Secretary

the
Enterprise

1O DOWNING STREET

LONDON SW1A 2AA

20 February 1989

Dear Gareth

Thank you for your letter of 15 February. The Prime Minister has seen this and the final drafting of the Government response. She has made a number of drafting comments on the text which I should be grateful if you would ensure are taken on board in the version which is published. These are set out in the attached note. Subject to these, the Prime Minister is content for the draft enclosed with your letter of 15 February to be published early next month as a White Paper.

The thought underlying the small drafting changes is that the Select Committee were never very precise about what they meant by a 'strategy'. In view of that, the Prime Minister thinks we do not need to say that the Government's actions are not a strategy. The Select Committee may accept it as what they meant by those words. She notes that the Government's action amounts to £100 million of programme expenditure.

I am copying this letter to the Private Secretaries to Members of E(A), to Tom Jeffery (Department of Education and Science) and to Trevor Woolley (Cabinet Office).

Yours

Dominic

(DOMINIC MORRIS)

Gareth Jones, Esq.,
Department of Trade and Industry.

●: GOVERNMENT RESPONSE TO THE FIRST REPORT OF THE HOUSE OF COMMONS TRADE AND INDUSTRY COMMITTEE: 1988/89 SESSION

Summary: Page 2

First tiret should read:

" - to support basic research in higher education institutions; and to encourage UK firms to use this and other research to strengthen their technological capability, where appropriate in co-operation with European partners;"

The last paragraph of Government policy towards IT should read:

"This policy framework is backed up by a coherent set of programmes which address the issues affecting IT that are properly the concern of Government."

Chapter 6: paragraph 6.6

Second sentence should read:

"It is also appropriate for SERC to encourage links with European Programmes."

Rerol m to PS/ Arr

FROM: MALCOLM BUCKLER
DATE: 21 February 1989

cc PS/Chief Secretary
PS/Financial Secretary
PS/Economic Secretary
Sir Peter Middleton
Mr Anson
Mr Healey
Mr Rayner
Mr Dyer

Ch. Unless you are particularly keen to be associated, it might make more sense to put forward PMG instead. OK? (I have slightly amended the draft letter). JC. 21/2

IT WHITE PAPER: GOVERNMENT RESPONSE TO THE TRADE AND INDUSTRY SELECT COMMITTEE REPORT ON INFORMATION TECHNOLOGY

We spoke about this earlier today.

The Chancellor has been asked by Lord Young to be formally associated with this publication - the formal reference is on the first page of the White Paper (see attached). I gather that this is based on DTI officials' limited research of precedents.

I have checked at this end and there is no policy, procedural, or precedential need for the Chancellor to be formally associated with this paper. Since the Paymaster General is responsible in this area he is content that his name should be put forward instead, if the Chancellor agrees. Lord Young's office (in his absence) are content with this.

I propose to send the attached letter to DTI.

I agree.

MINISTER IMMEDIATE

By
HAND

MALCOLM BUCKLER
Private Secretary

DRAFT LETTER TO:

Gareth Jones Esq
Private Secretary to
 The Rt Hon Lord Young of Graffham PC
Secretary of State
Department of Trade and Industry
1-19 Victoria Street
LONDON SW1H OET

February 1989

IT WHITE PAPER: GOVERNMENT RESPONSE TO THE TRADE AND INDUSTRY SELECT COMMITTEE REPORT ON INFORMATION TECHNOLOGY

Your letter of 15 February refers.

The Paymaster General, as the Treasury Minister responsible, has seen Lord Young's proposed IT White Paper and is content for it to be published as drafted. In regard to Lord Young's proposal that the Chancellor should be formally associated with the publication, the ~~Paymaster~~ *Chancellor* suggests that it would be more appropriate for ~~him~~ *the Paymaster* to be mentioned given his responsibilities in this area, ~~rather than the Chancellor of the Exchequer~~.

Copies of this letter go to the recipients of yours.

MALCOLM BUCKLER
Private Secretary

RESTRICTED

DRAFT

INFORMATION TECHNOLOGY

GOVERNMENT RESPONSE TO THE FIRST REPORT OF THE HOUSE OF COMMONS TRADE AND INDUSTRY COMMITTEE: 1988/89 SESSION

Presented to Parliament by the Secretary of State for Trade and Industry and the Chancellor of the Duchy of Lancaster in association with the ~~Chancellor of the Exchequer~~ by Command of Her Majesty.

March 1989

**ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000**

Gareth Jones Esq
Private Secretary to the
Secretary of State for Trade
 & Industry
1-19 Victoria Street
London
SW1

22 FEB 1989

Dear Gareth

**IT WHITE PAPER: GOVERNMENT RESPONSE TO THE TRADE AND INDUSTRY
SELECT COMMITTEE REPORT ON INFORMATION TECHNOLOGY**

You copied to me your letter of 15 February to Dominic Morris
seeking clearance of the draft White Paper in response to the
Select Committee report.

My Secretary of State agrees that it is timely to issue a
statement of Government policies in the IT field and, subject
to what is said below, is content with the references to
education and training and to research in IT.

On the draft White Paper itself, I understand that the policy
objective for education and training has now been recast to
read:

   "to stimulate the provision of education and training to
   meet the needs of IT users and suppliers for suitably
   qualified manpower."

We are content with this. I have also attached a note of
minor amendments we should like to see made to Chapter 4,
some of which have already been discussed with DTI officials.
The amendments to paragraph 4.3 reinforce the importance
given to IT within the National Curriculum, and express the
benefits of IT initiatives in schools more positively. The

additional sentence in paragraph 4.4 builds, I hope in
suitably neutral terms, on Mr Baker's recent announcement
that he hopes to be able to improve the equipment base in
further education through additional capital resource
allocations. Finally, a reference to the EC COMETT
programme has been added to paragraph 4.11.

I hope that you are able to take these amendments on board.
I have copied this letter to the recipients of yours.

Yours sincerely

Tom Jeffery

T B JEFFERY
Private Secretary

AMENDMENTS TO DRAFT WHITE PAPER

Paragraph 4.3: Amend penultimate and final sentence to read:

"The use of IT will also be taken into account in determining
attainment targets and programmes of study for other subjects
within the National Curriculum. Additionally, the working
group for Design and Technology has been asked to recommend
attainment targets and programmes of study specifically for
IT skills and awareness, to provide a framework for the
development of IT capability across the curriculum. Taken
together these developments will ensure that all pupils
become IT-literate and develop the skills they will need in
the world of work."

Paragraph 4.4: insert new penultimate sentence to read:

"The Government recognise that it is vital for students to
have access to up to date IT equipment during their studies.
We are considering what more we can do to improve the
equipment base in colleges."

Paragraph 4.11: insert new final sentence to read:

"Also, the European Commission's COMETT programme promotes
cooperation between higher education and industry and between
European countries to develop training in new technologies."

pmg.vd

cc PS/Chancellor
PS/Chief Secretary
PS/Financial Secretary
PS/Economic Secretary
Sir Peter Middleton
Mr Anson
Mr Healey
Mr Rayner
Mr Dyer

Treasury Chambers, Parliament Street, SW1P 3AG

Gareth Jones Esq
Private Secretary to
 The Rt Hon Lord Young of Graffham PC
Secretary of State
Department of Trade and Industry
1-19 Victoria Street
LONDON SW1H OET   22 February 1989

IT WHITE PAPER: GOVERNMENT RESPONSE TO THE TRADE AND INDUSTRY SELECT COMMITTEE REPORT ON INFORMATION TECHNOLOGY

Your letter of 15 February refers.

The Paymaster General, as the Treasury Minister responsible, has seen Lord Young's proposed IT White Paper and is content for it to be published as drafted. In regard to Lord Young's proposal that the Chancellor should be formally associated with the publication, the Chancellor suggests that it would be more appropriate for the Paymaster to be mentioned given his responsibilities in this area.

Copies of this letter go to the recipients of yours.

MALCOLM BUCKLER
Private Secretary

PS/F/82

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Secretary of State

Gareth Jones Esq
Private Secretary to the
 Secretary of State
Department of Trade and Industry
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Dear Gareth

**IT WHITE PAPER: GOVERNMENT RESPONSE TO THE TRADE AND INDUSTRY
SELECT COMMITTEE REPORT ON INFORMATION TECHNOLOGY**

Thank you for copying to us your letter of 15 February to
Dominic Morris and the draft White Paper, which will form the
Government's response to the Select Committee Report.

My Secretary of State has now seen the draft and is content
for publication to go ahead.

Copies of this letter go to the Private Secretaries to the
Prime Minister, members of E(A), the Secretary of State for
Education and Science and to Sir Robin Butler.

Yours

Bryony

BRYONY LODGE
Private Secretary

Employment Department · Training Agency
Health and Safety Executive · ACAS

UNCLASSIFIED

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*The last sh
sanpl br: "Let
wM, prmist,
study the report." (MMX)*

FROM: P M RAYNER (FM)
DATE: 28 APRIL 1989
EXT : 4760

Thws de we ...

MR GIEVE (IDT)

*ch / To be aware of Mr Heseltine's
report, to be published Tuesday.
/DIS*

cc: <mark>Chancellor</mark>
Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Sir P Middleton
Mr Anson
Mr Hardcastle
Mr Phillips
Mr Beastall
Mr Healey
Mrs Lomax
Mr Luce

<mark>**REPORT ON TOP MANAGEMENT INFORMATION SYSTEMS**</mark>

This report will be published on Tuesday 2 May, and accompanied by
a press conference. It results from ideas developed by Mr Michael
Heseltine and PA Consulting. The main work has been done by PA,
drawing on information made available from departments and on
interviews, including with senior civil servants. The work has
been guided by an Advisory Panel. I attach for you a full copy of
the report, and for copy addresses the preface, executive summary,
list of the Advisory Panel and a copy of a "preview" article by
Peter Hennessy which gives more background on the report and a
flavour of possible press reaction.

2. After examining current Top Management Systems, <mark>it concludes
that they have the following disadvantages:</mark>

    (i)   they are paper <mark>based</mark>

    (ii)   <mark>they are the equivalent of an annual plan, not
management information systems</mark>

(iii)   they are not usable for inter-departmental comparisons

(iv)   they exclude programme expenditure.

3. The report recommends:

(i)   there should be a new initiative under a named Treasury Minister to drive through the implementation of top management information systems

(ii)   these systems should be built on the same generic principles and standards, but utilising departmental building blocks

(iii)   they should use IT rather than the/ paper-based

(iv)   they should cover both programme and departmental administrative expenditure

(v)   an effective management culture needs to be developed, bringing together Ministers and Senior Officials.

4. You are almost certain to be faced with press enquiries on Tuesday. I suggest you will not want to take an overall line of the report until Ministers have had a chance to consider it more carefully. But you may want to draw on the following material:

(i)   FMI is still very much alive and kicking, pace Mr Heseltine's comment in the first paragraph of his preface. Of course the pace of progress varies from department to department, and depending on the nature of the business concerned. Top management systems are only part of the FMI, and are still developing.

fm.jh/rayner/28.4.5

(ii)   the report has only looked at the output of top management systems. It has not looked at other areas of financial management in departments. Many business areas of government have management information available on a regular basis because they need it to manage the business. But this does not show up in the report because it is not formally linked to the top management systems.

(iii)   the Next Steps Initiative is very much part of the FMI. As executive agencies are set up, it will clarify aims and objectives, require clear performance measures and targets, and require the development of agency management information systems to monitor the business where they do not already exist.

(iv)   the stress on use of IT has to be seen in the context of the use of IT generally across government. Government is a major and increasing IT user. But up to now the available resources have been concentrated on the use of "operational" systems (eg tax collection, benefit delivery, vehicle licensing) because these provide the highest return.

5.   You may also want to hint, gently, that there is a limit to the number of central initiatives that can be run effectively at any one time. The Next Steps Initiative is major, high-profile and rightly occupying a lot of attention. It would be important to think carefully about trying to run in addition a new initiative on top management information systems - there is a real risk that it could get in the way of effective implementation of Next Steps.

P M RAYNER

Preface

BY THE RT HON MICHAEL HESELTINE, MP

It is now ten years since the concept of providing ministers with a management information system was pioneered in the Department of Environment. It was known as MINIS. The system then had to be imposed upon an unwilling bureaucracy. Even now the contrast between departments is unacceptable. Some have tried and are still trying: others are not.

During those ten years the advance in sophistication of information storage and visual retrieval has outdated the paper system we then developed, but the basic need remains to establish priorities, set targets, monitor progress, and cost performance across the vast frontier where half a million civil servants make contact with the outside world.

Sir Robin Butler, head of the home civil service, has provided invaluable help by giving us access to the blueprints upon which different departmental practices are based. Many civil servants have described their different management systems, and this enquiry could not have been conducted without them. We have received an insight into what ten years have achieved, and in some places it is more than might have been hoped for; but it is nothing like enough to meet the challenge.

In truth, effective management systems do not evolve or merely emerge: they are imposed. That is the first lesson. Then they have to be monitored, and the more effective the scrutiny, the more effective will be the system.

We have now reached the stage where, I believe, that the Prime Minister should arrange for an audit of progress, to be conducted with the aid of experts outside the government machine. Much has been achieved, but if she looks again at the detail I suspect that she will not be satisfied. Yet only the Prime Minister can order the measures necessary to deliver the Government's commitment.

Ten years on it is fair to reflect how far we have come. But this report makes clear just how much more there is still to do.

Executive Summary

EXECUTIVE SUMMARY

This report covers the activity and findings of the research project launched in 1988 to review Top Management Information Systems in central government. The need for such systems has been recognised since FMI was launched. This requirement has been accentuated by the current 'agency' developments, which will increasingly call for a clear distinction between the need for systems to support policy and programme development as well as relevant information systems for operational management. The research project was initiated by PA Consulting Group and the Rt Hon Michael Heseltine, MP; the work has been guided by a distinguished Advisory Panel drawn from the Public Accounts Committee, major corporations and former permanent secretaries.

The essential features highlighted by the report are as follows:

Present Situation

The findings from a review of the systems operating in the main departments show that they are *similar* with regard to the following factors:
— designed as 'bottom up'
— essentially administrative
— objectives set at grade 3 level
— annual in frequency
— using paper-based forms
— no link between different departments and between related programmes.

They tend to have been built up as annual management plans, highlighting manpower and related costs, and still are focused on operations within discrete units.

The systems also *differ* in a number of respects:
— the extent of detail and sophistication
— the degree of involvement of ministers
— their use by top officials
— whether interpreted for top officials and ministers by staff officers

— cost of production
— the integration with PES, Estimates, etc
— the degree of real effect on top management decisions,
ie relating to policy.

Survey Conclusions

The top management information systems were reviewed in the light of what was available across different departments and what is seen as common practice in the private sector. The original model, MINIS, is operational in only one department (Environment, where it was launched). Other models akin to it are still functioning in some other departments. Nevertheless.

— the systems in place are generally mechanistic, with too much data provided rather than information selected for its relevance to the responsibilities of top management; the refining process has barely started

— there is a wide range of standards and differing levels of achievement between departments

— there appears, in some departments at least, to be little, and possibly reducing, commitment to such systems, especially at senior levels, since they are seen to be of doubtful value

— the 'basic' systems used for executive purposes, ie controlling departmental functions, are improving, however.

The fact that they have an annual frequency, are full of operational detail and are paper-based, represent fundamental constraints to their being a beneficial tool for top management.

Issues to be Addressed

The report highlights the priorities which need to be tackled:

— the definition of the role of top management – ie ministers and senior officials together — and its structure needs to be clarified; the move towards agencies should assist with this process

— the key information needs in a department should be established in a hierarchical form, ie with greater concentration of data at higher levels

— these needs should be translated into defining the 'building blocks' of the system

— a strategic planning framework for policy and its implementation should be established and the MIS dovetail into this process; key tasks and priorities would be identified

— effective performance indicators should be developed in all areas of government

— information technology should form the basis of an

enhanced MIS; the software and hardware now available permits a flexible and sophisticated approach to information provision, without involving vast expense or a long development period. It will be counter-productive to go on refining or extending paper-based systems

— staff commitment is an important element in development, and effective communication vital.

The Way Ahead

A new initiative is now required in most departments to address these issues and provide information systems which are more closely attuned to top management needs. Any new developments should, of course, aim to build upon the achievements of the current systems and this can in general be feasible but should not be constrained by their deficiencies

The report describes in some detail the following elements of development:

— the hierarchy of MIS, quoting the frameworks agreed for the Vehicle Inspectorate, Department of Transport, and for Companies House, Department of Trade and Industry

— the diversity of function within departments, covering both the running costs and programme expenditure. The extent of the sponsored bodies for each department is also highlighted. The MIS developed should reflect this diversity

— the clearest specification should be given by ministers and officials to the requirements of the system, covering policy and strategic issues, underpinned by access to operational detail as appropriate

— strong political leadership, with effective stimulus from the centre, is still necessary to achieve the appropriate level of commitment to an effective top MIS development. Political support and authority from the Prime Minister has been the prerequisite for what has been achieved so far

— it is essential to establish a culture of effective management in central government. This will require commitment and resources from the Treasury and from top management in each department.

Improved management information systems in departments are considered to be an important component in the Government's campaign to achieve better value for money in the public sector. Experience in the private sector leads us to believe that significant financial and operational benefits would accrue from the introduction of new top MIS arrangements. We would query, in fact, how government departments can be managed successfully without such systems.

In addition to working closely with the Rt Hon Michael Heseltine, MP, the members of the Advisory Panel on this research project have been:

Sir Kenneth Durham, Woolworth Holdings
David Edmonds, Housing Corporation
Sir Angus Fraser
Gerry Grimstone, Schroders
John Lippitt, The General Electric Company
Sir Michael Shaw, MP
The Rt Hon Robert Sheldon, MP
Timothy Smith, MP
Jonathan Solomon, Cable and Wireless
Sir Kenneth Stowe
Kenneth Warren, MP

They strongly support the conclusions reached, and we are extremely grateful for their wisdom and active involvement. We were also glad to have Sir Robin Butler at one of our meetings. The comments highlighted by the Panel include the following:

— the structure of the departmental top MIS should consist of a series of discrete building blocks, so that *any* block can be accessed. Though the ongoing use would normally concentrate on high priority areas, the system should be able to cope with both the 'top down' and 'bottom up' approaches; it should be complementary to, not an alternative to, the equally essential management budgeting and accounting system applied to each operating unit, section or branch. The design should also be able to incorporate departmental variations, through a flexible common format.

— strong political leadership is necessary to achieve the appropriate level of commitment to an effective top MIS development. In particular, a lead from the Treasury and a creative tension between them and other departments was seen to be an essential component for ultimate success.

— the private sector members emphasised that the world would go on changing fast, and that the civil service should respond accordingly. They considered that there is an urgent need to develop a system which is a practical aid to decision-making, and which 'jettisons the garbage'.

— all members felt that the selection of priority targets was important. Hence the suggested prioritisation of functions, which alone could be of significant benefit if such a focus, linked to more concentrated management action, can be achieved.

Whitehall Watch: **Peter Hennessy** assesses an efficiency initiative

'Free gift' could save millions

IN THE next few weeks a report on Whitehall efficiency will be published, the product of a remarkable, probably unprecedented, piece of public-spirited private enterprise which has cost the taxpayer nothing but could save the citizen millions.

In its way it is a credit to the civil service. Although the Cabinet Office knew it was likely to be critical, co-operation was forthcoming from 12 departments and nearly 100 senior civil servants.

The idea, developed jointly by Michael Heseltine and the management firm, PA Consulting Group, was simple enough — to examine all the information systems installed in government departments since 1982 as part of Mrs Thatcher's managerial revolution (or the financial management initiative as it is officially known), to compare one with another, recognise success, expose failure and map a pattern to future progress.

Mr Heseltine's involvement was wholly appropriate as it was he, when Environment Secretary between 1979 and 1983, who put together the pioneering system (known as MINIS) in his mega-ministry.

The advisory panel Mr Heseltine and John McLean Fox, of PA, recruited to help them was widely based, embracing businessmen from the private sector and an all-party swathe of politicians.

The conclusions when they appear will be carefully phrased. Deserved credit will be given to the Prime Minister and her efficiency advisers for the premium placed on management since 1979, and the real improvements which have no parallel in recent civil service history.

But there will also be a politely worded warning — without another surge of prime ministerial energy, a boosting of ministerial and official priorities in a managerial direction, plus a retooling of existing systems, the whole initiative could run into the sand.

The PA team found existing de-

partmental systems shared certain characteristics. They rested on an annual exercise based on past activities; they were built from the bottom up and were based on paper rather than information technology. They also operated in isolation.

They differed from each other, however, in the degree to which ministers were involved, the use made of them by top civil servants and the extent to which they meshed with the annual public spending round, or achieved an impact on policy-making.

Martin Easteal's PA team drew four conclusions; the original comprehensive MINIS system had not been exported beyond DoE; the systems were overly mechanistic and insufficiently selective; commitment was meagre in some ministries; but the systems had, none the less, brought improvements in the administration of executive functions.

The report's key recommendations are the replacement of paper-based systems by information technology, the determined application of the improved systems to strategic planning, and a renewed burst of political leadership to get them up and running.

The key question is: will the report be taken seriously in Whitehall generally, and, in particular, in the Treasury, Cabinet Office and No 10? If merit were the sole criterion it would be.

The danger is that it will be regarded as a matter of personal politics; in crude terms, as a Heseltine ploy. It is far from that. In no way is it an attack on Mrs Thatcher, whose crucial role in both winning existing achievements and fostering further ones is clearly stressed.

With luck the public-private mix of the advisory panel and the MPs' input will guarantee it the hearing it deserves, particularly as the newly-minted executive agencies are rolling off the Whitehall production lines for the precise purpose of achieving a better managed state.