

PERSONAL

Prime Minister

PRIME MINISTER

FINANCIAL MANAGEMENT

The Chief Secretary's minute is at A.
Lady Young's minute is at B. They
are briefly summarised in this note.

Content to accept Sir Derek's advice that
I should write to the Treasury and MPO as
at C?

Yes

WR
7/5

Thank you for this
note and
excellent
advice.
I accept it.
MB

I am sending you this minute in my capacity as your
personal adviser. It is not copied to anyone else. I have
made it as short as I can given the much more important and
more pressing calls on your attention.

2. The Chief Secretary has sent you a draft note by the
Treasury and MPO on a new initiative on Financial Management
(his minute of 28 April). The Lord Privy Seal has sent you
a note on Training in Financial Management (her minute of
30 April).

FINANCIAL MANAGEMENT INITIATIVE

3. The Chief Secretary asks you to agree to circulate to
Ministers the note he has sent you. The note calls on depart-
ments to agree programmes of work with the Treasury and MPO, by
end-January 1983. The aim of the initiative is, in brief:

- (1) to make sure that all departments are precise
about the objectives of their work, not just
those like Agriculture and Environment who
have been doing relevant work on their own
account;
- (2) to fasten on particular officers and managers
at all levels the responsibility for managing
people, things and money well;
- (3) to provide the information which is the life
blood of disciplined business behaviour.

4. The note acknowledges that that cannot all be done at
once. It envisages pilot projects; advancing by stages; and
the progressive development and use of management accounting,



including performance indicators and output measures where these are appropriate. Intellectually, the note is well founded and I support it. It is well in line with the advice I offered two years ago in my submission to you on "lasting reforms".

5. The initiative is ambitious as well as welcome. It may not be good news to all Ministers, some of whom may see it as an extra burden and regard the centre (not without justice) as "Charlie come lately" in this field. Your personal support would therefore be rightly given at its beginning. If the initiative succeeds, it should serve your policies by a massive strengthening of the foundations of management in central government.

6. The initiative will require good management by the Treasury and MPO, as well as determination. I have some reservations here. My personal view is that the new Treasury/MPO advisory unit (para. 23 of the Chief Secretary's Memorandum) is not timely. The real and prior need is to put a solid effort into the thinking about and conduct of the initiative.

7. I recommend that you should agree to the Chief Secretary's request to circulate the Memorandum but specifically associate me and my unit with the co-ordination and conduct of the initiative. You might also suggest that a word should be included in the Memorandum about the cost of the initiative to forestall criticism on that score from departments.

TRAINING IN FINANCIAL MANAGEMENT

8. The Lord Privy Seal's note affirms the need to get the right people with the right experience and training into the right positions. It reports what is being done in succession planning and training and describes the relevant work of the Civil Service College. Lady Young promises a further report later in the year and you might agree to this.

PERSONAL



9. I think that genuine good progress is being made here. But the policy for top people is a bit down-market and tentative. It is not enough to offer training or perhaps just familiarisation and encourage people to take it. There should be a requirement that people train for certain posts, notably but not only Principal Finance Officer posts.

10. I recommend that you ask for the relevant part of the Chief Secretary's Memorandum (paras. 17 and 18) to be sharpened up.

ACTION

10. In case you agree with my advice, I attach draft letters for your private secretary to send to the offices of the Chief Secretary and Lord Privy Seal.

Derek Rayner
6 May 1982

Encs: Draft letters as indicated