PERSONAL AND CONFIDENTIAL PRIME MINISTER cc for information Sir Derek Rayner Mr Whitmore 20 um MINIS etc You asked for a note last evening. Note 1 contains advice on MINIS and on your meeting with the Chancellor, the Chief Secretary and the Lord Privy Seal on Monday morning. Note 2 contains some thoughts on serving your personal commitment to good management in the civil service. I am grateful for this opportunity to advise, as for your continuing commitment. I accept the risk that I may seem a creep and/or a rat. But so that you cannot reasonably suspect me of running with the hare and hunting with the hounds, may I say that: I am typing and copying this myself. It is being copied only to Sir Derek Rayner and Mr Whitmore; Mr Flesher gets a copy of Note 1 only. (2) The existence of the note is not known outside the Rayner unit. Lady Young's minute to you of yesterday is based on a draft supplied by me. The note on MINIS etc attached to it was prepared by Mr Joubert (ex-DOE), a member of the Rayner unit. (4) I shall be joining in the briefing for the Chancellor and other Ministers before they see you on Monday. May I wish you a very good holiday? C Priestley 30 July 1982

PERSONAL AND CONFIDENTIAL NOTE 1 MINIS The function of MINIS is to help DOE Ministers review PERSONALLY AND IN DETAIL the work of DOE (Central) and the PSA annually, systematically and comprehensively. It covers internal expenditures on staff and non-staff items. There have been three rounds of MINIS so far. It is still evolving. It began with Mr Heseltine's desire as a new Minister to get to know his department and retrench it. It is therefore "top down" in its development. The intention now is to support it with better data and - crucially - better management habits at official level. MINIS: Presents summary data ("MINIS statements") about each (1) Under Secretary Directorate. This indicates what it does, its costs and the priority of its activities. Progressively it will reach deeper into the department and use better management information as DOE sets up "cost centres" post-Joubert. The statement is preliminary to a meeting with the Secretary of State. (2) Provides in the statement for each Directorate a backward look, comparing actual with planned performance, and a forward look at planned objectives and at possible alternatives. Monitors progress with manpower reductions and budgets for (3) future manpower. Requires Directors to use MINIS to review their functions and performance thoroughly andto involve their own line managers in this. Requires the Permanent Secretary to discuss MINIS statements with each Director and to report to the Secretary of State, who will decide whether he himself wants to meet the Director. The norm is to meet, Iunderstand.

COMMENTARY You can reasonably distinguish between PRINCIPLES and METHODS and between what you expect from MINISTERS and from OFFICIALS. The principles - obliging officials from top to bottom not just to know but to control their costs, to assess their performance, to cut out the needless or less necessary work and to plan ahead with discipline as far as possible in the Westminster/Whitehall setting - are robust and of general application. You can reasonably insist that, in order to convince Parliament and others that the Government means a lasting change in official habits, the report on the financial management initiative promised for July 1983 (see para 14 of the draft reply to the Treasury and Civil Service Select Committee) must show how departments (ie OFFICIALS) are adopting them in their particular circumstances in support of the management function of their particular Minister. Some Backbenchers, notably Mr Eggar, who is an evangel for MINIS, regard this as a test of the Government's convictions and its grip on "the system". Apart from that political point, you can also insist on the general rightness of accelerating the development of management information at large in Whitehall - and not just in relation to internal expenditure. But you have no interest in insisting that your colleagues adopt the MINIS package exactly as Mr Heseltine has it. This is not the battle in which you should engage the dignity of your office and your own personal authority because: Your colleagues could make good play with the constitutional argument that they are masters in their own house and that you are not entitled to instruct them in matters of detail. MINIS is known to be evolving still - and evolving alongside (2) the honourable endeavours of other Ministers/departments to do much the same (eg Defence, Agriculture, Social Security). It is also known to have been very paper intensive and, on paper, to require a lot of time: DOE(Central) has between 50 and 60 Directors and if the Secretary of State takes it seriously, he must spend many hours on it. The paper part remains true, but the commitment of Ministers' time in DOE is known to have been patchy. And you can get the

"detail/time" point into focus by running your eye across the differing scope, scale and functions of departments (MOD at the one extreme, DES at the other) and across the differing temperaments of your colleagues. It would be bad leadership to attack everyone regardless of their merit. It would be good leadership a to make known to all your firm commitment to the principles and your clear expectation that they will be clothed in methods appropriate to the tasks/functions/character of the different departments: b to require that the financial management initiative which you launched in May is run with energy and commitment by the central departments; and c to lean selectively on those who deserve it, while giving praise and encouragement to the virtuous. Finally, my staff, and examining officers in 6 departments, are carrying out a Rayner-style review of running costs, aimed in part at a general advance on staff and non-staff costs as part of the financial management initiative; this should come up with some goods in mid-Autumn. ADVICE You will no doubt want to go ahead with the meeting with the Chancellor, CST and LPS on Monday morning on personal/political grounds. But there is no need to get drawn into a ding-dong on the wrong ground. Having heard what they want to say, I suggest that you should say that: You want, on grounds of principle and presentation, the (1) reference in the draft reply to the Select Committee to management information to point up more clearly the principles central government should be aiming at in expenditure on itself and should acknowledge the contribution made by Ministers who have taken this seriously, notably the SS/ Environment. It should do both in language which appears to have been written by a live human being with convictions. (Lady Young may hand you a draft. I suggest that you do not commit yourself then and there.)

(2) Subject to that, you would be willing to clear the draft reply for publication at a sensible time during the recess, say September. (This is a matter of courtesy to Parliament and those known to be most interested, notably Mr du Cann and Dr Bray.) (3) You want your office to write to all Ministers (after your return from holiday?), expressing your convictions about management information and your wish that the plans being prepared under the financial management initiative deal with this clearly and determinedly. AND OPTIONALLY You would like a report on the conduct of the initiative by the Treasury/MPO. You might like Sir Derek Rayner to do this for you as you asked him to represent your interest in the organisation of the initiative BUT THIS TURNS IN PART ON YOUR DECISIONS ON OTHER MATTERS (SEE NOTE 2). C Priestley 30 July 1982

PERSONAL AND CONFIDENTIAL NOTE 2 ARRANGEMENTS FOR SECURING THE GREATER EFFICIENCY OF THE CIVIL SERVICE I am aware of Sir Derek Rayner's minute to you on 27 July. May I remind you of para 38 of the draft reply to the Select Committee, which reads as follows? "Responsibility for the organisation, management and overall efficiency of the Service, and for policy on recruitment, training and other personnel matters rests with the Prime Minister as Minister for the Civil Service, and is discharged by the MPO. The MPO will continue to act in these matters with the authority of the Prime Minister." 3 I think that the choice lies between: Getting an official head of MPO who will have your (1) confidence and be seen to have it. Taking the Rayner unit and my other (Management and Efficiency) Divisions out of the MPO. The Divisions would be somewhat reduced. They would report, with the unit, solely to you, through an official in whom you had confidence. It may be possible to find the mix of round pegs and round holes which is necessary for (1). But on the whole I would favour (2) because: (1) You are accustomed to the Rayner unit. You need an instrument in your own hand, operating in your name, to give expression to your convictions. It would have value/impact in substance and presentation. The risk is that MPO, unless under very determined leadership supported by you, will be ground down by the neutralism/ disinterest/inertia in the upper echelons of Whitehall.

(2) You need to free yourself from, or very much reduce, the nagging worry that the "system" is not responding. Therefore, you should commission an instrument in your own hand to achieve certain objectives, eg and notably secure the translation of intended reform into practical changes on the ground, as well as continuing with review work. (3) You will want to respond positively to Sir Derek Rayner's new position at M&S, but he feels honourbound not to draw back until you are well served. You need not feel that you would have to spend much of your time on the instrument. Given a clear, firm and wellknown commission from you, it could get on. Indeed, it might be less time-consuming and much less worrying for you than the the existing arrangements. I must not pretend that I have no interest in the matter. But acknowledging that and setting it aside, I would counsel you to follow the line in Sir Derek Rayner's minute of 27 July and appoint, say, a "Private Secretary (Management)" with a staff as indicated above or designate that staff as, say, "Prime Minister's Management Unit". I think that this course is more likely to be achieved quickly than the other, but I am conscious that it could not achieved without some hassle with Lady Young and others. There is a trade-off here between getting what you expect to be comfortable with and continuing frustration. Although it is very easy for me to say, I think that you should go for what you want. C Priestley 30 July 1982