

*See various comments, I think  
rebuttal of comments, I think  
the difficulties are what should  
be explained rather  
than the  
difficulties  
not.*

Prime Minister

Attached (flag A)  
is the redraft of  
the section dealing with  
MINIS by Clive Priestley.  
Also attached, for comparison  
is the original (flag B).  
It is, I think, a great  
improvement. TF

PERSONAL COVERING CONFIDENTIAL

MR FLESHER

MINIS AND THE REPLY TO THE TREASURY AND CIVIL SERVICE  
SELECT COMMITTEE

6/8

I attach a possible revision of the relevant part of the  
draft reply to the Select Committee which Mr Joubert and  
I have knocked out in response to your letter of 2 August  
to Mr Kerr (HM Treasury).

2. I am also showing it on a personal basis to Mr Edmonds  
(DOE), for him to show on a "without prejudice" basis to  
his Secretary of State.

3. I should be grateful if you would let me know whether  
the revised text would have the support of the Prime Minister.  
If Mr Heseltine is broadly content with it also, my hand  
would be strengthened in negotiating it past Treasury  
colleagues, on the basis that "I understand from informal  
soundings that the revised text is likely to have the  
support of the Prime Minister and the Secretary of State  
for the Environment".

4. It may be that we have over-egged the pudding but I  
think it better to be generous rather than mean at this  
stage so that we have got room for manoeuvre.

*Sp*

C PRIESTLEY

6 August 1982

ENC: Revised text as indicated.



DRAFT OF 6 AUGUST 1982

CONFIDENTIAL

EFFICIENCY AND EFFECTIVENESS IN THE CIVIL SERVICE

GOVERNMENT OBSERVATIONS ON THE THIRD REPORT FROM  
THE TREASURY AND CIVIL SERVICE COMMITTEE:  
SESSION 1981-82, HC236

Delete existing paragraphs 18 - 24 and replace  
with the following. Renumber subsequently paragraphs  
accordingly<sup>7</sup>.

OLD PARA 18  
LESS FINAL  
SENTENCE

18. The Treasury and the MPO seek by  
prescription and scrutiny to ensure that high  
standards are reached by all; to compare one depart-  
mental programme with another where appropriate; and  
to ensure that Parliamentary and other requirements  
are met. It is for the Treasury and the MPO,  
making full use of the knowledge and experience of  
other departments, to establish clear principles;  
to disseminate information and guidance about how  
principles can be applied; and to check that they  
are applied in practice.

*New*  
19. Ministers have put a lot of effort into  
improving the arrangement for financial management  
in several departments. That is in line with the  
Government's policy for raising the standard of  
management in the civil service. The time has  
now come for a general advance, to consolidate the  
good work done in departments and to bring the



NEW

(for  
page  
14)

average up to the standard of those who are in the van. The Government has therefore launched the Financial Management Initiative described in Appendix A3.

?

20. The Government intends to up-rate both the systems and the personnel of financial management. It will do so largely through the practical application of three fundamental principles: clarifying objectives, defining responsibility for attaining objectives and providing the information needed to make sense of the responsibility.\* These principles apply to managers at all levels, up to and including Ministers. They cover resources of all kinds, manpower, money and other. And they relate to both the money which the Government spends itself and the money which it makes available to other agencies.

d?

?

---

\*Appendix 3 gives the main objective of the Financial Management Initiative as "to promote in each department an organisation and a system in which managers at all levels have

NEW

- (i) a clear view of their objectives; and assess and wherever possible measure output or performance in relation to these objectives;
- (ii) well-defined responsibility for making the best use of their resources including a critical scrutiny of output and value for money;
- (iii) the information (including particularly about costs), training and access to expert advice which they need to exercise their responsibilities effectively."



21. In the course of this Parliament the Government has sought to reform the management of expenditure on its own manpower and on such related expenditures as accommodation. This has rightly attracted much attention. The Committee recommended (Recommendations (iv) and (v)) that the Management Information System for Ministers (MINIS) of the Department of the Environment, or its clear equivalent, should be adopted in all departments; that MINIS-type costings should be capable of reconciliation with departments' conventionally recorded expenditure; and that MINIS-type documents should be publicly and readily available.

22. The same principles are embodied in MINIS and in the Financial Management Initiative. MINIS is the best known of the departmental initiatives that have inspired the general drive for better management and has deservedly attracted much interest and comment, at home and abroad.\*

NEW

---

\*MINIS presents summary data ("MINIS statements") about each of the Under Secretary Directorate in the department. This indicates what the Directorate does, its cost and the priority of its activities. Progressively MINIS will reach deeper into the department and use better management information as DOE sets up "cost centres" in the wake of a scrutiny in 1981. The MINIS statement is preliminary to a meeting with the Secretary of State. The statement for each Directorate provides for a backward look, comparing actual with planned performance, and a forward look at planned objectives and at possible alternatives. MINIS enables



the Minister to follow the progress with manpower reductions and to consider budgets for future manpower. The system also requires Directors to use MINIS to review their functions and performance thoroughly and to involve their own line managers in this. The Permanent Secretary discusses his/her own MINIS statement with each Director and reports to the Secretary of State, who decides whether he himself will meet the Director. The norm is for a meeting to take place.

---

NEW

23. MINIS breaks part of the ground covered by the Financial Management Initiative. As a resource-allocation system it deals with administrative rather than with policy programme resources, placing a strong emphasis on staff costs and numbers. As an information system it provides information primarily for Ministers and senior officials. Other, complementary, systems are being developed by the Department of the Environment to meet the full requirements of line managers at lower levels.

NEW

24. The Financial Management Initiative extends beyond MINIS. It deals equally with programme and administrative resources. It aims to promote organisations and systems to enable managers at all levels to exercise their responsibilities. Nevertheless MINIS continues to develop in response both to the drive for improvement and to developing Ministerial requirements. The Government expects departments generally in their response to the Initiative to establish management systems embodying principles fundamental to good management and exemplified by MINIS. In assessing departmental plans, the Treasury and MPO



will judge variations in the substance as opposed to the format of systems' by stringent criteria.

OLD PARA. 19,  
WITH ADDITION  
OF WORDS  
UNDERLINED

25. The Government also expects the improvement of financial management and the presentation of management information in departments to take account of the fact that the functions and businesses concerned are numerous and diverse. And while some organisations are simple, like that of the Department of Environment, others are complex, like that of the Ministry of Defence. Departments themselves are best placed to develop the practical application of centrally defined principles. The Government accepts the suggestion which is commended in Recommendation (i) and set out more fully in paragraphs 50- 56. of the main Report that the evaluation of a programme requires the development of an analytical framework. The Government agrees with the Committee's comments that there should be no question of rigidity, that policies or problems should not be distorted to fit any particular framework but the framework should be adapted and developed to fit the problems, as long as the fundamental principles are observed.

Simple?  
local Govt.  
Home  
Invent  
P.S.A  
171  
I don't think the underlined sentence will please P.S.A. no, do I think it is wise! The point is dealt with in the next para.

SECOND HALF  
OF OLD PARA. 21

26. The flexibility that will be needed can be illustrated by reference to the responsibilities of DHSS, which extend to five large and separate businesses that vary greatly in type and span of control, accountability and methods of working. These include some 86,000 directly



employed staff in the social security system, where expenditure is specifically under the direct control of DHSS Ministers; some 2,700 staff working in the special hospitals which are run directly by DHSS; nearly a million staff employed by the NHS authorities, who are also responsible for the allocation of money provided by DHSS Ministers for which they remain accountable; and the provision of local authority social services by local authority staff out of local authority resources and the rate support grant, where the DHSS responsibility is limited to guidance and advice. MOD's direct responsibilities are equally diverse, and include defence and civilian personnel, research and development, the production of equipment and munitions, and the large-scale procurement of equipment. On the other hand, a small department, such as the Department of Energy, with no more than 1,100 staff but an extensive policy range, is developing manpower and running cost controls and methods of policy review fitted to very different circumstances. These differences mean that the form of analytical system will vary widely, and that those that are developed will have to be sufficiently flexible to cover a wide range of activities.

