



Je v

10 DOWNING STREET

*From the Private Secretary*

22 April 1986

**BUDGETING IN DEPARTMENTS**

Thank you for your letter of 18 April. This is to confirm that the Prime Minister has signed the foreword to the report on Budgeting in Government Departments which, as you know, I sent separately to you yesterday.

I am copying this letter to Kate Jenkins in the Efficiency Unit, also with a copy of the signed foreword.

(MARK ADDISON)

Ms Jill Rutter,  
HM Treasury.

do



Treasury Chambers, Parliament Street, SW1P 3AG

Mark Addison Esq  
Private Secretary  
10 Downing Street  
London  
SW1

18 April 1986

*Dear Mark,*

**BUDGETING IN DEPARTMENTS**

I understand that the Efficiency Unit (Ms Jenkins) has suggested that it could be appropriate for there to be a Prime Ministerial foreword to the report on budgeting in Government Departments by the Head of the Government Accountancy Service.

I attach a draft foreword which has been agreed with the Efficiency Unit and has been approved by the Chief Secretary.

I am copying this letter to Kate Jenkins in the Efficiency Unit.

*Yours,  
Jill Rutter*

JILL RUTTER  
Private Secretary

DRAFT FOREWORD BY THE PRIME MINISTER

Getting better value for money is the responsibility of everyone in the public service. Taxpayers have a right to expect that all who work in Government constantly strive year by year to increase the value obtained from the money spent in the public's name.

This report shows that the Civil Service is using budgeting to make this happen. It points to four principles which are vital:

All managers, from the top right through the management line, should be responsible for setting and reviewing budgets.

Budgets must be linked with the Government's annual review of public spending, and turn those plans into action.

Budgets should include output and performance indicators, and there should be regular evaluation of what has been achieved compared with the objectives that have been set.

Top managers must organise their own work and that of their departments so as to make clear the responsibilities for setting priorities, managing resources and reviewing performance.

We have begun to see the valuable results that budgeting can bring. We now need to ensure that this approach is applied in all areas of government. I am confident that Ministers and their civil servants will work together to do this.

CF.  
ppp/please.

PRIME MINISTER

**BUDGETING IN DEPARTMENTS**

The Chief Secretary and Kate Jenkins in the Efficiency Unit have asked if you would contribute a foreword to the report which you endorsed recently on budgeting in Government departments.

If you wished to do so, a draft for your signature is attached.

Margo  
Duty Clerk.

pp

MARK ADDISON  
18 April 1986

File

CAF



10 DOWNING STREET

THE PRIME MINISTER

Getting better value for money is the responsibility of everyone in the public service. Taxpayers have a right to expect that all who work in Government constantly strive year by year to increase the value obtained from the money spent in the public's name.

This report shows that the Civil Service is using budgeting to make this happen. It points to four principles which are vital:

All managers, from the top right through the management line, should be responsible for setting and reviewing budgets.

Budgets must be linked with the Government's annual review of public spending, and turn those plans into action.

Budgets should include output and performance indicators, and there should be regular evaluation of what has been achieved compared with the objectives that have been set.

Top managers must organise their own work and that of their departments so as to make clear the

dfg

responsibilities for setting priorities, managing resources and reviewing performance.

We have begun to see the valuable results that budgeting can bring. We now need to ensure that this approach is applied in all areas of government. I am confident that Ministers and their Civil Servants will work together to do this.

Margaret Thatcher

April 1986