

DRAFT NOTE TO THE PRIME MINISTER

At your Value for Money discussion on Wednesday morning, Clive Whitmore made the very viable point that the Ministry of Defence is 90 per cent executive, and 10 per cent policy.

This makes it almost unique in terms of Whitehall Departments, and there is a very large element of the MoD which is involved in discretionary spending.

One of the weaknesses of the Whitehall Civil Service is that the mandarins who rise to the top are extremely good on analysis and policy making, but are generally not expected to be good managers which is a quite different skill.

The essential problems of the Ministry of Defence are that their management information systems are extremely weak and are regularly subjected to cuts whenever they run out of money (which seems to be an annual event) and many of the managerial jobs within the Ministry of Defence are held by military personnel.

You were very critical of the shortness of tenure of civil servants, but Clive made the point that he tried to keep his senior people in post for four years, and that very often they remained in the same discipline.

In contrast, the military rarely hold any post for longer than two years, and alternate staff jobs with those in the field.

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Therefore, there is a very strong argument for bringing commercial management into the MoD at a very senior level, and in addition rationalising the military posts which are, on the whole, held by high ranking and expensive officers, so that some form of continuity can be brought into running what is a very large financial empire.

ARCHIE HAMILTON

11.3.88

MR O'SULLIVAN

This is a note I would quite like to  
send to the Prime Minister, but I  
wonder if we might discuss it first.

*AH*

ARCHIE HAMILTON

10.3.88

PPS notes.