



PRIME MINISTER

Prime Minister 3
I have had the draft
minute to ministers in
charge of departments typed
for your signature. It is
attached. It has been agreed
by Sir Derek Rayner.

WR

13/5

FINANCIAL MANAGEMENT

I am grateful for your support in launching this initiative.
... This will be a very great help. I now attach a draft covering
minute to Ministers in charge of departments.

2. Mr Rickett's letter of 7 May made three points. On the
first, the paper now contains a more explicit reference to cost
in paragraph 21(k), but I think the main point is best taken
in your covering minute, and the draft contains a passage on
costs accordingly.

3. The second concerned co-ordination and running costs.
Arrangements for co-ordination are well in hand. I will
certainly keep Sir Derek Rayner in close touch, and we have
arranged for a full exchange of information and suitable working
contacts between the Treasury and the MPO, including Sir Derek's
unit. I will let you have a note on the outstanding questions
about running costs shortly.

4. I entirely agree with your last point about staff. This is
covered by a new paragraph 19 in the main paper. The Treasury
and MPO will follow up with Permanent Secretaries the question
of arrangements to ensure that Principal Finance Officers and
those appointed to other key financial posts have the right
training and experience.

5. I am copying this minute and enclosure to the Lord Privy Seal,
Sir Robert Armstrong, Sir Derek Rayner and Mr Cassels.

L.B.

LEON BRITTAN
12 May 1982

DRAFT MINUTE TO MINISTERS IN CHARGE OF DEPARTMENTS

FINANCIAL MANAGEMENT

good

Useful work has been done over the last 3 years to improve financial management. Some departments have made much progress. ~~[Sir Derek Rayner has given valuable help.]~~ I believe that the time has now come to widen and deepen this drive.

As most departments are aware from consultations between officials, the Treasury and MPO have worked up an initiative for a general campaign. I attach the paper which sets it out. The aim is to follow up the studies already completed and the work already in hand in order to improve financial management across the Civil Service as a whole. Each of the departments listed at Annex A to the paper is accordingly asked to work up a specific programme of work, appropriate to its tasks and circumstances, and to discuss it with the Treasury and MPO before the end of January, 1983.

and the progress it has already made in improving financial management

I have asked the Chief Secretary, in consultation with the Lord Privy Seal, to take the lead in this operation. I have decided to launch the initiative by circulating the paper myself in order to emphasise the importance I attach to this work and my personal commitment to achieving a good result.

I have also asked Sir Derek Rayner, who has so far given us valuable help, to take an interest in it.

The principles which the paper sets out about paying attention to costs should of course apply to the costs of this operation. One objective should be to gain the maximum benefit across government as a whole from the expenditure which has already been incurred in particular studies of individual departments. The present initiative is in part designed to secure that. In general, I am convinced that the kind of cost involved in improving financial management systems will be small in relation to the benefits. You and your officials will wish to make sure that individual applications are economical and cost-effective.

and in relation to the costs of finding to do so

The working up and carrying through of the programmes of work described in the paper will need time and care. They will

place additional burdens on staff, especially at senior levels, who are already heavily loaded. But this is the right time to take advantage of what has been done and build on it to achieve a widespread and lasting improvement. I hope that Ministers will take a close interest in the operation. It is an important part of the managerial responsibility which we all share.