



PRIME MINISTER

RESPONSE TO THE TREASURY AND CIVIL SERVICE SELECT COMMITTEE'S  
REPORT ON EFFICIENCY AND EFFECTIVENESS IN THE CIVIL SERVICE

I have seen Michael Heseltine's minute to you of 19 July, and Geoffrey Howe's of 21 July.

Michael Heseltine is absolutely right about the need for good management information systems in Departments. There really is no dissent as to objectives: the question for us as a Government is how best to make vital changes happen. It may be that we can better bring out our commitment to the principles underlying MINIS by amending paragraph 24 to make this point, and I attach a re-draft which does this.

A common centrally-imposed management information system by April 1983

As you know, the Financial Management initiative was launched in May (your Personal Minute of 17 May). The Central Departments have set up a special Unit to reinforce it. To the Unit's certain knowledge at least 6 Departments are already working on management information systems on MINIS lines adapted to their own particular circumstances.

Like Geoffrey, I believe it would cut damagingly across this for the MPO now to step in and try and impose a common system on all Departments for the next financial year. If we tried to go for that I believe we would probably lose the real opportunity we now have to raise steadily the standard of management across Whitehall by practical action. Nor, as you will understand, could any Government agree unconditionally to publish all the information involved: for example there is much information about the prevention of drug-smuggling or the elimination of fraud which the Revenue Departments could not possibly release.

Securing change through the Financial Management initiative

I recognise that grasping the prize which the Financial Management initiative potentially offers will require very firm central resolve. May I suggest that it might meet Michael's concern (which we all recognise) if the reporting arrangements to central Ministers on the Financial Management initiative were further formalised, possibly with the benefit of regular meetings of a small Ministerial group? I should say that in the time available I have not been able to discuss this with Geoffrey or Leon Brittan, but I believe it is steps of this kind rather than further re-drafting which may be advantageous now. As far as the draft is concerned, the critical paragraphs are 17-25. It says what needs to be said: that the Treasury and the MPO will be more prescriptive where necessary; and on releasing

CONFIDENTIAL

information, I have deliberately said in paragraph 25 that this will be covered in the central Departments' report (itself to be published by next July) so as to give us the maximum leverage.

I would imagine that Michael's fifth point (about relating the control of non-staff costs to the PES rather than the Estimates timetable) could be examined in the course of the Financial Management initiative, and that it would be right to do so.

Publication

Michael, rightly, invites you to consider whether the draft White Paper will carry credibility. If we judge the Financial Management initiative to be the path which better promotes efficiency and safeguards the taxpayer's interest, I think we can present the draft White Paper attractively. We should present the initiative as a strong central drive which you personally have commissioned. And where possible the draft is specific and gives timetables: for instance, the commitment in paragraph 45 that from next April Principal Finance Officers will attend before appointment, or without delay thereafter, the new Senior Finance Course at the College. I still hope that we will be able to publish before the Recess and I believe the Select Committee would welcome this.

I am sending copies of this minute to Cabinet colleagues, Sir Derek Rayner and Sir Robert Armstrong.

*Baroness Young*

BARONESS YOUNG

CONFIDENTIAL