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Subject
Civil Service
Long Term
Pt 10

10 DOWNING STREET

THE PRIME MINISTER

Personal Minute.

No. ~~M5/82~~

MINISTERS IN CHARGE OF DEPARTMENTS

FINANCIAL MANAGEMENT

Useful work has been done over the last three years to improve financial management. Some departments have made good progress. I believe that the time has now come to widen and deepen this drive.

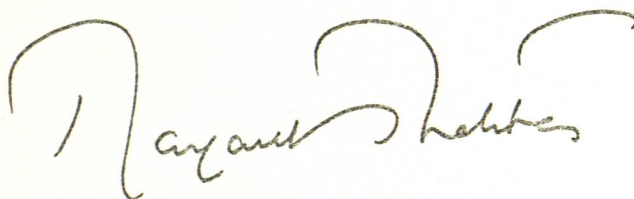
As most departments are aware from consultations between officials, the Treasury and MPO have worked up an initiative for a general campaign. I attach the paper which sets it out. The aim is to follow up the studies already completed and the work already in hand in order to improve financial management 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 the progress it has already made in improving financial management, and to discuss it with the Treasury and MPO before the end of January, 1983.

I have asked the Chief Secretary, in consultation with the Lord Privy Seal, to take the lead in this operation. I have also asked Sir Derek Rayner, who has so far given us valuable help, to take an interest in it. 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.

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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, and in relation to the costs of failing to do so. You and your officials will wish to make sure that individual applications are economical and cost-effective.

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.



Margaret Thatcher

17 May, 1982