

## Managing Money

After your team, money is your next most important resource. As it is public money, you must constantly bear in mind three basic and unbreakable rules which are designed to prevent fraud:

- P** The person who authorised the expenditure (i.e. entered into the contract) can never ever be the same as the person that authorises the payment of the subsequent bill.
- P** Never pay a bill 'in advance of need', that is before the goods or services have been delivered and have been found to be satisfactory.
- P** If there is a limit to your financial authority (i.e. you have been told that you may only spend up to £xxxxx) you may not circumvent this by splitting contracts and bills into a number of smaller parts.

You may be tempted, especially towards a year end when you are anxious to spend your budget, to ignore one or more of these rules. You absolutely may never do so, on pain of dismissal, even if your intentions are honourable.

But there is much more to spending money sensibly than merely obeying the rules. After your staff, money is the other principal resource at your disposal as you seek to achieve your objectives. But will you use it as a Sop or Lever?

'Money may be used as a sop, or it may be used as a lever. When you use it as a sop . . . you get some friendly notes in the press . . . but it is gone. But if you use it as a lever it may be made to influence matters of far greater consequence than is measured even by the actual amount involved'

*Sir Winston Churchill*

These words are even more true today than when first written. It is all too easy for both Ministers and officials to kid themselves, and kid others, that they are doing good by spending money. This is particularly apparent at Party Conference time, when every announcement seems to have a price tag, and the larger the better.

I deal separately with the control of large scale projects and programmes, but offer the following thoughts on the sensible use of 'programme spend' – those budgets which are delegated to individual civil servants and often used to support those projects outside government which contribute to the Government's wide or narrow objectives.

It is of course very tempting to throw the Government's resources behind those seeking to 'do good'. But don't rush into a decision. The money will be wasted unless you ensure that the project is structured in such a way as to maximise the chances of it being successfully completed, and of its being good value for money. Pay particular attention to the following:

- P** Every project must have clear, worthwhile and testable objectives. ('Worthwhile' means that they make a difference in the real world. For example you should not merely pay for a conference to be held. You should stipulate that it must attract x delegates who must, after the conference, record that they have learned something or will take some action. In the case of larger projects you must ensure that there is, for example, a measurable change in competitiveness or behaviour.) And you must make it clear that no grant (or a reduced grant) will be paid if the objectives etc. are not achieved. You should in particular not spend a lot on programmes whose main purpose is to 'bring people together' (e.g. large and small firms, industry and academia). These objectives are laudable, but not worth tens of thousands of pounds, let alone millions. Far better, buy them all a nice lunch!
- P** Every project must be 100 per cent 'owned' outside Government. We may feel very committed to the work, but our role is to be a supporter and banker, not the entrepreneur or owner. The more we get involved, the more we risk reducing the sense of ownership, and hence the commitment, of the true project managers. In particular, every project must have a clear champion – one person outside Government who is personally committed to seeing it through to a successful conclusion. And there should be clear evidence that larger projects are backed by a senior figure who is unambiguously committed to exploiting the results of the project. We cannot afford to bankroll the ambitions or hunches of staff who are not fully backed by their directors.
- P** Remember in particular that you cannot give money to a body of which you are a member. If your job requires you to join a board which is supervising a programme or project, you must make it crystal clear that you are only doing so as an observer. Remember too the related point that you must not behave in such a way as to suggest that the Government might stand behind a body which is receiving public funds. If you were to do this, you might be deemed to have become a 'shadow director' in which case you might find that the taxpayer has become liable for the whole of the debts of the body concerned.
- P** Similarly, there should be clear evidence of financial commitment from outside Government. Be particularly wary if you are asked to pay more than 25 per cent of the cost of a project. This suggests that no-one else is willing to put much of their money where their mouth is. This is especially true of collaborative projects where the non-HMG proportion is shared between several participants, none of whom, it often turns out, are much bothered about whether the project succeeds.
- P** You should be particularly reluctant to accept that Government money might be necessary to 'pump prime' a project which will eventually stand on its own feet. You need to ask why someone should support the project once the pump has been primed, when they are not prepared to do so now.
- P** Take care if you are asked to support interesting experimental work in, say, one

school or one company or one local authority area. If the experiment appears successful, are Ministers committed, and will the financial and managerial resources be available, to implement the change nationwide?

- P** You must set up robust monitoring arrangements (which will survive your moving on to another job) if money might need to be repaid to the Government after the final grant has been paid over. Examples include loan agreements and grants to create employment, which are repayable if the jobs disappear within X years.