

CONFIDENTIAL file



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10 DOWNING STREET

From the Private Secretary

21 May 1981

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Dear John

Paper on Control of Expenditure : Departmental Responsibilities

The Prime Minister was grateful for the Chancellor of the Exchequer's minute of 14 May and for the draft paper and memorandum. Subject to the points made below, she is content that he and the Lord President should circulate them to Cabinet with a view to the endorsement of the memorandum.

The Prime Minister is concerned lest the memorandum may give unnecessary hostages to fortune. In particular, she feels that paragraphs 11 and 20 are not firm enough in describing the role of the central departments. She feels it would be better to delete the references to the "appropriateness" and "practicability" of central prescription from these paragraphs. The point could then be made in paragraph 10 that the central departments will of course consult other departments to ensure that the requirements they propose are appropriate to the functions of those departments and the needs of the public interest.

Secondly, the Prime Minister thinks that Cabinet colleagues may well ask whether the central departments have sufficient staff of the right experience and training to promote and monitor the best possible control systems in departments. She thinks it essential that the relevant parts of the centre should be staffed in such a way as to make the proposed role both credible and effective. The Prime Minister acknowledges that it is unlikely that this can be achieved overnight, but she would like to know what plans are in hand to bring it about. She would be grateful for early advice on this, including Sir Derek Rayner's views.

I am copying this letter to Jim Buckley (Lord President's Office), David Wright (Cabinet Office) and Clive Priestley (Sir Derek Rayner's Office).

John Wiggins

William Rickett

John Wiggins, Esq.,
HM Treasury.

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