



10 DOWNING STREET

18th April 1983

By Lord Alfred,

Many thanks for your letter of 15th April, together with its enclosures.

We spoke on the telephone yesterday, when you said that you had given a copy to Hugh Thomas.

I have given a copy to David Wolfson.

I think that the four of us ought now to meet and I have asked Tessa to arrange a meeting as soon as possible.

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IAN GOW

Alfred Sherman Esq

cc. The Lord Thomas of Swynnerton
David Wolfson Esq

Centre for Policy Studies

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15 April 1983

Ian Gow Esq MP
10 Downing Street
London
SW1

Dear *Ian*

I enclose two copies of my proposed new budget guidelines for the Centre for Policy Studies. It is necessarily untidy for the following reasons.

* It is difficult to disentangle what was actually spent in such a way as to lay the basis for subsequent budgeting.

* In an era when many of our costs are created by government fiat, eg, rates, water, gas, electricity, and are likely to rise faster than is really necessary, one can only guess gloomily.

* Because we have been seriously under-funded for the past few years, many ideas which should be followed up as an integral part of our activities, eg, press conferences, quick publications, fora, special studies a la Niehands, funded entirely from outside, have been neglected. Needs have arisen, but because we were not in a position to meet them, they have not been systematically recorded.

The budget deals with the minimum expenditure needed to provide a unit capable of doing what many people, friends and enemies alike (including the Prime Minister) believe us capable of doing.

I shall be glad to answer any questions you might care to raise.

With best wishes.

Yours sincerely



ALFRED SHERMAN
DIRECTOR OF STUDIES

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Directors: Lord Thomas (*Chairman*) Lord Cayzer (*Hon Treasurer*) Alfred Sherman (*Director of Studies*)
Simon Webley Secretary: Nathalie Brooke

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To secure fuller understanding of the methods available to improve the standard of living, the quality of life and the freedom of choice of the British people, with particular attention to social market policies.

MEMORANDUM

FROM: THE DIRECTOR OF STUDIES

TO: THE CHAIRMAN

DATE: 14 APRIL 1983

REF: NEW BUDGET FOR THE CENTRE FOR POLICY STUDIES

1. INTRODUCTION

In recent years, the Centre has been seriously under-funded in relation to its existing activities and commitments.

When the Centre was founded in 1974, the budget was set at £90,000 (or £300,000 at today's prices), to allow for an executive staff of four or five, with secretarial assistance and complementary expenditure to match.

At that time, it was agreed that executives should be paid at the rate that they would otherwise have been able to earn elsewhere.

I believe we should return to the original level of funding.

It is important that Elizabeth and Nigel should be paid the going rate. In particular, Elizabeth's salary must be increased so that I can appoint (and pay properly) a deputy to her.

I therefore propose that we base Elizabeth's and Nigel's salary on their former earnings. I say "base" because you may feel that Elizabeth's candidature cuts into her working week or that we cannot afford the full amount immediately.

We need several full-time research assistants cum "committee-secretaries" to service our existing groups and research projects, let alone provide for new activities. As I have argued, our new housing and local government group, with members of high calibre, is well worth a research assistant-cum-secretary if we are to match the DoE. I can obtain one who retired early as a Principal, but I shall not get him for less than £15,000.

In this budget I have not included the staff whom Grussgott may employ, partly because he has indicated that he would wish to fund new activity, partly because we cannot be sure of his contribution until we see it. But the budget does include the annual £55,000 from IPR/FEE.

The budget cannot, of course, fully allow for extraordinary items such as the Niehans Report, which cost £7,500 but had an influential effect on the highly successful 1981 Budget.

I envisage a budget of some £250,000 at today's prices, of which £50,000 should come from IPR/FEE. But in order to build reserves and make proper provision for pensions, we should aim to raise £250,000 annually on our own, over and above the IPR/FEE contribution, upon which we cannot definitely rely.

2. NEW BUDGET PROPOSALS

Approximate Expenditure implications are as follows:

A. SALARIES:

<u>Director of Studies</u>	£33,000
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This is based on linkage to the civil service pay of an Under-Secretary (adjusted to likely increase for 1983/4), minus £3000 paid elsewhere, plus employer pension contribution, plus employer NI.

Head of Research (Fee Net) (Based Civil Service rates)	£18,000
Executive Asst to D of S (Fee Net) (Based Army pay & Allowances)	£15,000
Asst Head of Research (Fee Net)	£13,000
Special researcher for Local Government Study Group	£16,000
3 Research Assistants cum study group secretaries	£27,000
Cook and publications Secretary	£ 5000
Company Secretary Fee	£ 4000
Temps	£ 1000

<u>TOTAL SALARIES, PENSIONS, FEES, NI</u> (Incl tax)	<u>£153200.00</u>
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SUNDRY ADMINISTRATIVE COSTS

Rent (up for review '84)	£12,000
Rates (estimate)	£ 4000
Expenses	£10,000
Publishing	£10,000
Machine Hire+Service (to incl new computer software and advice)	£10,000
Telephones	£ 6000

Postage	£ 3000
VAT	£ 6000
Petty Cash	£ 1000
Stationery	£ 3500
Cleaning	£ 1800
Entertainment	£ 7000
Newspapers & Books	£ 2000
Research Contingency	£10,000
Office Equipt Misc	£ 500
Electricity + Gas	£ 1500
Repairs	£ 800
<u>SUNDRY ADMINISTRATIVE COST- TOTAL</u>	<u>£97,100.</u>
<u>NEW TOTAL ANNUAL EXPENDITURE</u>	<u>£250,300</u>

There is also a need for a once-off payment of £10000, as follows:

New Furnishing	£5000
Word Processors	£5000
TOTAL	£10000

Contingency, Inflation and Reserves @ 5% of £250,300 - £12,000

Thus the proposed budget for 1983-4 is £272,300, which would be a monthly average income to the CPS of £22,691.00.

NOTE: The above figures do not include the payment to Professor Alan Walters.

3. IMMEDIATE FINANCIAL BACKGROUND

In the last financial year (1 Oct 81 - 30 Sep 82) the TOTAL INCOME
(donations and reimbursements) was £145,812

There was an excess of income over expenditure for the year of
£467.

A breakdown of EXPENDITURE 1981-2, extracted from the draft
accounts, is atFLAG 1

A copy of the draft budget for 1982-3, prepared by the Secretary to
the Centre is atFLAG 2

DRAFT

8

CENTRE FOR POLICY STUDIES LIMITEDDETAILED INCOME AND EXPENDITURE ACCOUNTYEAR ENDED 30 SEPTEMBER 1982For the information of Directors only

	£	<u>1982</u> £	<u>1981</u> £
DONATIONS & REIMBURSEMENTS		145,812	144,854
SALES OF PUBLICATIONS			
Sales	6,891		7,913
Stock at 30 September 1982	8,000		7,000
		-----	-----
Stock at 1 October 1981	14,891		14,913
	7,000		6,676
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		7,891	8,237
PUBLICATION AND PRESS RELEASE EXPENDITURE			
Printers and publishers' fees, press release expenses and research fees	12,340		23,034
Proportion of overhead expenses applicable to publication and press release expenditure	73,454		64,754
		-----	-----
		85,794	87,788
LOSS ON PUBLICATIONS AND PRESS RELEASES		(77,903)	(79,551)
		-----	-----
		67,909	65,303
INTEREST RECEIVABLE		6,011	4,829
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		73,920	70,132
EXPENSES			
Directors' remuneration		22,200	8,750
Pension scheme contributions		11,748	-
Salaries and national insurance		30,204	44,529
Secretarial services		653	4,395
Consultancy fees (including Walters)		22,200	16,192
Travel expenses		10,613	11,318
Miscellaneous office expenses		1,262	802
Entertaining		4,152	3,585
Seminar and conference expenses less fees		1,053	590
Printing and stationery		2,293	2,724
Postage		2,416	3,152
Telephone and telegrams		3,520	4,035
Publications and newspapers		1,187	1,448
Subscriptions		30	180
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Carried forward		113,531	101,700

DETAILED INCOME AND EXPENDITURE ACCOUNT (CONTINUED)

YEAR ENDED 30 SEPTEMBER 1982

For the information of Directors only

	<u>1982</u> £	<u>1981</u> £
Brought forward	113,531	101,700
Insurance	344	346
Sundry expenses	132	1,384
Rent and rates	16,121	15,280
Light and heat	830	850
Repairs and maintenance of fixtures, fittings & equipment	1,200	(17)
Laundry and cleaning	664	763
Audit and accountancy	1,270	1,210
Bank interest and charges	2	43
Office equipment hire	3,891	5,410
Repairs to property	624	-
Professional fees	6,348	-
Non-recoverable value added tax	1,714	2,310
Depreciation:-		
Furniture and fittings	64	55
Office equipment	172	173
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	146,907	129,507
Less proportion of overhead expenses applicable to publication and press release expenditure	73,454	64,754
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	73,453	64,753
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EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR	£ 467	£ 5,379
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DRAFT BUDGETS 1982/83

		<u>CPS</u> <u>£</u>	<u>IPR</u> <u>£</u>
SALARIES:	1) Director of Studies	22,000	
	2) Director IPR (EC)	2,000	10,000
	3) Secretary to Centre (NB)	2,000	2,000
	4) Secretary to Chairman (AB)	5,830	
	5) Secretary to DS/SGs (AT)	5,250	
	6) Cook/publications ass (KW)	4,500	
	7) Research assistant (JE)	7,000	
	8) Research assistant (KB)		5,000
	9) Research assistant (AE)		5,000
	10) Secretary to IPR Director		5,500
	11) Director's fee (SW)	2,000	
	12) Expenses	2,500	1,500
	13) National Insurance	6,000	500
	14) Annual pension contribution	4,946	
OVERHEADS:	15) Rent	6,000	6,000
	16) Rates	2,500	2,500
	17) Electricity & gas	400	400
	18) Repairs & redecoration	450	450
OFFICE:	19) Stationery	2,000	750
	20) Newspapers & books		1,200
	21) Telephone	2,500	2,000
	22) Postage	2,000	1,000
	23) Machine hire	3,200	3,200
	24) Extra secretarial help	1,000	750
	25) Laundry & cleaning	600	600
	26) Purchase office equipment		1,000
OTHER:	27) Publishing	4,000	1,000
	28) Special Research	2,500	2,500
	29) Entertainment, Meetings, etc	2,500	1,000
	30) Professional fees	2,000	1,150
	31) Travel	3,000	
	32) Contingency	5,000	

TOTAL

£ 103,676

£ 55,000

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