

Open Chief Secretary proposals Prime Minister  
part.

Ref: A01584

would you like to  
agree the Chief Secretary's  
proposals subject to  
Robert Armstrong's points  
at x and y below?

NO special function - they  
are PAR under  
another name  
not

PRIME MINISTER

Public Expenditure Survey 1980

Flag 4

The Chief Secretary's minute of 28th February to you reports  
recommendations from a group of officials on which the Cabinet Office and  
the CPRS have been represented. TL  
4/3

2. It is common ground among Ministers and officials that the present  
PESC machinery is unduly cumbersome, its reports too long and complicated,  
and that some streamlining is needed.

3. In general, I think the main proposals in the report, summarised in  
paragraph 4, are sensible and should be adopted. There are no points on  
which I think other Ministers are likely to raise objections. That leaves four  
questions.

4. Should the 'long' report go to Ministers in future? Paragraph 6  
suggests it should. I doubt if many of them will read it, but it is useful for  
them to know that it is available for reference.

5. Should local authority expenditure be regarded as a 'block' or should  
there be separate functional programmes? While you continue to have a  
separate Minister of Transport and Secretary of State for Education, I think  
the functional blocks are unavoidable. This does not correspond very closely  
with the way in which expenditure is controlled, as you have found this year.  
I think the recommendation in paragraph 7 is correct.

6. The next problem is 'options for reductions' (paragraph 8).  
Departments are understandably reluctant to list the scope for possible further  
reductions. When asked, they tend to come up with terrifying lists of the most  
damaging possible cuts. Nevertheless, I am sure that it continues to be a  
useful discipline. The Chief Secretary proposes that, for this year only, the  
'option cuts' should only be small ones. I think you could accept this.

7. Finally, there is the question of 'special studies'. You agreed to  
dismantle the old PAR system. I believe this was right. PAR was altogether  
too slow and cumbersome. But equally, I think it is wrong that Ministers  
should be asked to take far-reaching policy decisions, involving major political

No

They did. They ought to know their departments would join in. etc.

No

issues, on the basis of two or three lines in the Chancellor's annual Public Expenditure paper. This may be inevitable at the start of a new Administration, or in the face of an urgent 'cuts' exercise. But in general the ground should be prepared better in advance. When we discussed this with the Treasury, we thought the best way was to identify a few topics each year which could be made the subject of 'special studies' which would be ready at the time Ministers considered the survey each summer. Sometimes these would deal with loose ends left over from the previous survey. Sometimes there would be new problems identified in the course of the year. Because of the departmental resistance to any such investigation, we thought such studies would need a degree of collective authority. But they will be small-scale quick operations, done with existing resources, and with the minimum of heavy committee work.

No. did word-help. X

8. The Chief Secretary does not propose (paragraphs 9 and 10) to introduce this system this year. Nor does he propose that, when it operates, it needs any Cabinet discussion in advance. I am not sure he is right. I think there is at least one topic left over from the last round which needs some careful preparation before this summer: the level of teaching and non-teaching staff in primary and secondary education. You will remember that you are not wholly convinced by the arguments put forward by the Secretary of State for Education this year. I think a 'special study' on this subject, if you chose to ask for one, would be useful.

NO Y

9. Similarly, when the system is working, I am sure it would be useful to have collective Cabinet endorsement (possibly in correspondence rather than at a meeting) for the programme of two or three 'special studies'. I do not think that the selection of these topics should be left to officials. Otherwise, the defence mechanisms will operate too easily. I think you should ask that the CPRS should bring a list of potential topics each year, following the end of the 1980 survey, in preparation for the 1981 survey.

10. With those two reservations, I commend the proposals in the Chief Secretary's minute to you.

11. I have discussed this note with Sir Kenneth Berrill, who agrees.

RA

(Robert Armstrong)