

PO-CH/NC/0414

PART B



Part .B.

**CONFIDENTIAL**

(Circulate under cover and notify REGISTRY of movement)

begins: 14/12/88  
Ends: 29/12/88

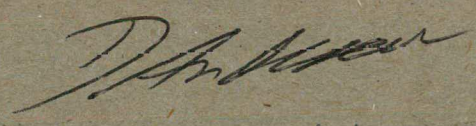
**THIS FOLDER HAS BEEN REGISTERED ON THE REGISTRY SYSTEM**

PO CH/NL/0414  
PART.B

Chancellor's (Lawson) Papers:  
Treasury Parliamentary Business,  
November - December 1988.

PO CH/NL/0414  
PART.B

DD's: 25 Years



24/1/96.



FROM: SUSIE SYMES  
DATE: 14 DECEMBER 1988

- seen in draft*
1. SIR GEOFFREY LITTLER
  2. CHANCELLOR

cc: PS/Paymaster General  
PS/Economic Secretary  
Sir Peter Middleton  
Mr Byatt  
Mr R I G Allen o/r  
Mr Lankester  
Mr Odling-Smee  
Mr Gieve  
Mr Gilhooly  
Mr Mortimer  
Mr C B Evans  
Mr Kroll  
Mr Nielson  
Mr P R H Allen-C&E  
Mr Hopper-C&E  
Mr Green-DTI  
Mr Bostock-UKREP

*Ch / OK?*  
*HF*  
*14/12*  
*OK -*

**ECOFIN 12 DECEMBER, ARRANGED PQ**

I attach for approval a draft arranged Parliamentary Question and Answer reporting on ECOFIN, which as usual does not cover the informal discussion over lunch.

2. If you are content with the draft, would Mr Taylor please let Parliamentary Section know.

*Susie Symes*

SUSIE SYMES



ECOFIN ARRANGED PQ

To ask the Chancellor of the Exchequer, if he will make a statement on the outcome of the latest meeting of the European Community's Economic and Finance Council.

**DRAFT REPLY BY THE CHANCELLOR OF THE EXCHEQUER**

The ECOFIN Council met in Brussels on 12 December. I represented the UK.

The Council agreed in principle on two own resources implementing regulations, successors to 2891/77 and 2892/77, and agreed on declarations to cover arrangements after 31 December until the new regulations are formally adopted.

The Council agreed the Commission's Annual Economic Report for 1988-89 as amended in discussion with member states.

The Council reached a common position on the draft directive on own funds of credit institutions and on the draft directive on public offer prospectuses.

The Council agreed that the Commission's proposals for the abolition of fiscal frontiers need further study by the new Commission and the Council.

The Council agreed a two year extension modifying a Danish derogation on traveller's allowances.



The Council agreed on proposed increases in the limits on travellers' allowances and tax relief for small consignments within the Community.

The Council heard a proposal from the Commission for a further instalment of the New Community Instrument (NIC V).





FROM: MISS M P WALLACE

DATE: 15 December 1988

MS SYMES

cc PS/Paymaster General  
PS/Economic Secretary  
Sir P Middleton  
Sir G Littler  
Mr Byatt  
Mr R I G Allen o/r  
Mr Lankester  
Mr Odling-Smee  
Mr Gieve  
Mr Gilhooly  
Mr Mortimer  
Mr C B Evans  
Mr Kroll  
Mr Nielson

Mr P R H Allen C&E  
Mr Hopper C&E  
Mr Green DTI  
Mr Bostock UKREP

ECOFIN 12 DECEMBER, ARRANGED PQ

The Chancellor was grateful for your minute of 14 December. He was content with the arranged PQ answer, and I have passed this message on to Parliamentary Section.

A handwritten signature in dark ink, appearing to read 'M.P.W.' with a flourish.

MOIRA WALLACE



CH/EXCHEQUER	
REC.	15 DEC 1988
ACTION	CST
COPIES TO	

15 DEC 1988

Mr A Bearpark  
Private Secretary  
10 Downing Street  
London SW1

*Dear Andy*

**TAX BENEFIT MODEL TABLES**

The publication of the April 1988 Tax Benefit Model Tables will be announced in answer to an Inspired Question following Prime Minister's Questions on Thursday 15 December. A copy of the tables are attached along with the Question and Answer and the Press Release. Both the Parliamentary Reply and the Press Release provide details of some changes to the treatment of income which Ministers have approved for this year.

The controversy early this year over pre and post reform hypothetical income comparisons has now abated. The published tables (which include actual average - rather than projected average - rents and rates) do not contain such comparisons. Should any further issues arise we will, of course, provide briefing.

Copies of this letter go to Stuart Lord in John Moore's office and Private Secretaries to all Cabinet members.

*Jane Rintoul*

**JANE RINTOUL**  
Private Secretary to the  
Parliamentary Under-  
Secretary of State for  
Social Security



## SUGGESTED QUESTION AND ANSWER: APRIL 1988 TAX BENEFIT MODEL TABLES

- Q. To ask the Secretary of State for Social Security when he will publish the April 1988 edition of the Tax Benefit Model Tables and if he will make a statement.
- A. I have placed copies of these tables in the Library today.

We have improved the presentation of the tables. By including "take-home pay" and net income before as well as after housing costs, we have made clearer the steps by which gross earnings are turned into final figures. We have also replaced the heading "marginal tax rate" by "marginal tax/benefit withdrawal rate". This more accurately describes the marginal deduction from income which occurs as gross earnings rise. As in previous editions, and in order to illustrate fully the interplay between the tax and the benefit systems, the tables apply to local authority tenants. This year we have reflected this in the title of the tables.

In the tables expenses which claimants are expected to meet themselves are now treated as a part of net disposable income rather than deducted as they were before. This applies in particular to water service charges and fares to work. For those out of work and receiving Income Support, water service charges are treated like any other ordinary item of domestic expenditure. No particular fares to work figure, including the average, can represent the range of costs which occur in practice. Moreover, as many as one in three working people have no travel to work costs. The tables, therefore, assume no fares to work or other work related expenses, but anyone wishing to deduct a particular amount, for example, the estimated average amount of £6.30 (which would be consistent with previous years figures), can make the appropriate adjustment to the net income figures shown in the tables.

Despite these improvements, the examples in the tables remain arbitrary. They cannot reflect, except by chance, the actual circumstances of particular people and cannot claim to be representative of the population at large. The tables use average rents and local authority rates so they do not reflect the full range of housing costs which people can pay. The family characteristics in the tables are chosen only to illustrate various features of the social security system.



DRAFT

DRAFT

DRAFT

88/571

15 December 1988

IMPROVED PRESENTATION FOR THE APRIL 1988  
TAX BENEFIT MODEL TABLES

Peter Lloyd, Parliamentary Secretary for Social Security, today announced the publication of the April 1988 Tax Benefit Model Tables. These illustrate the interplay between the tax and benefit systems. They give details of the weekly financial circumstances of a series of hypothetical local authority tenants with a variety of family sizes and ages of children.

Replying to a Parliamentary Question, from... Mr Lloyd said:

"We have improved the presentation of the tables. By including take-home pay and net income before as well as after housing costs, we have made clearer the steps by which gross earnings are turned into final figures. We have also replaced the heading marginal tax rate by marginal tax/benefit withdrawal rate. This more accurately describes the marginal deduction from income which occurs as gross earnings rise. As in previous editions, and in order to illustrate fully the interplay between the tax and the benefit systems, the tables apply to local authority tenants. This year we have reflected this in the title of the tables.

"In the tables, expenses which claimants are expected to meet themselves are now treated as a part of net disposable income rather than deducted as they were before. This applies in particular to water service charges and fares to work. For those out of work and receiving Income Support, water service charges are treated like any other ordinary item of domestic expenditure.

[MORE]



No particular fares to work figure, including the average, can represent the range of costs which occur in practice. Moreover, as many as one in three working people have no travel to work costs. The tables therefore assume no fares to work or other work related expenses, but anyone wishing to deduct a particular amount, for example the estimated average amount of £6.30 (which would be consistent with previous years' figures), can make the appropriate adjustment to the net income figures shown in the tables.

"Despite these improvements, the examples in the tables remain arbitrary. They cannot reflect, except by chance, the actual circumstances of particular people and cannot claim to be representative of the population at large. The tables use average rents and local authority rates so they do not reflect the full range of housing costs which people can pay. The family characteristics in the tables are chosen only to illustrate various features of the social security system."

Mr Lloyd added:

"These tables are designed to help MPs, claimant advisory groups, academics and journalists who wish to understand the tax and benefit systems and the way they inter-relate."

#### NOTES FOR EDITORS

The tables are put out in published form to limit the need for MPs and others to ask for the data through Parliamentary Questions or other ad hoc requests. They have been published for a number of years and until 1986 were published twice a year - after the Budget each March and after the uprating of benefits. Under the reform of social security, tax and benefit changes take place together - so only one version is needed. Formal publication of the tables occurs after information becomes known on local authority rent and rates levels.

The April 1988 tables are the first in a series on the reformed structure of income related benefits. Figures are shown for tenants who are both in and out of work and illustrative cases cover single persons, lone parents and married couples with and without children.



The Poverty Trap: the tables show that it is no longer possible for the income tax and income-related benefit systems to interact to create combined deduction rates of 100 per cent or more. One of the worst features of the "poverty trap" has been eliminated. They also show that, exceptionally, crossing a national insurance contribution threshold can mean a withdrawal rate exceeding 100 per cent.

The Unemployment Trap arises when, for a particular family, the gap between income from work and income when unemployed is narrow. Under the previous system (and because of the 'poverty trap') this gap could be narrower for families who earned more than similar families earning a good deal less. The reformed system ensured that this does not happen. The gap is wider at higher earnings levels, not narrower, as it was before.

In addition, the tables show that the levels of gross earnings at which net income becomes equal to income when unemployed are very low:

- \* £24.78 for a couple with two children aged 4 and 6
- \* £24.78 for a couple with four children aged 3, 8, 11 & 16
- \* £33.40 for a single person aged over 25
- \* £54.16 for a married couple

#### Family Credit

Amounts payable by way of Family Credit are generous (and will be considerably more generous from April 1989):

- \* a couple with 2 children, aged 11 and 14, with the father earning about £135 a week gross (£7020 pa) would qualify for about £14.70 a week (£20.70 from next April)
- \* a lone parent with one child aged 5, and gross earnings of £75 a week (£3900 pa) would get £25 now (over £30 from next April)

[MORE]



Families on higher levels of earnings are eligible for Family Credit. For example, families below the following gross earnings levels are eligible:

- \* £166 for a family with 2 children aged 11 and 14  
(£179 from next April)
- \* £130 for a lone parent with one child aged 5  
(£139 from next April)
- \* £168 for a couple with 3 children aged 3, 8 and 11  
(£183 from next April)

From April 1989, the new Family Credit children's rates will more than compensate for the standstill in Child Benefit.

#### Changes Since The 1987 Edition

The April 1988 issue incorporates the following presentational changes and improvements:

- \* take-home pay (net earned income after the payment of any income tax and national insurance) is now separately identified. Whereas, under the previous system of benefits, Family Income Supplement and pre-reform Housing Benefit were assessed against gross income, Family Credit and reformed Housing Benefit are assessed on net income
- \* total net income (take home pay plus any benefit income) is shown as well as net income after the payment of housing costs (average rents and local authority rates for local authority tenants)
- \* the heading marginal tax rate is replaced by marginal tax/benefit withdrawal rate. This more accurately describes the combined marginal deduction produced by income tax, national insurance and benefit withdrawal as gross earnings rise.
- \* water service charges are treated like charges for all other fixed domestic utility supplies (e.g. gas, electricity and telephone services) and not deducted from net income. Under Supplementary Benefit, water charges could be paid directly on behalf of the claimant. Under income support, water charges are paid by the claimant.

[MORE]



- \* fares to work (previously included as a proxy for work-related expenses) are excluded. Under Supplementary Benefit, some initial assistance with interview costs and other initial employment costs was provided to unemployed claimants.

Despite adjustments to rents and rates for family size and composition, the inclusion of average housing costs for local authority tenants remain an arbitrary feature of the tables. They are needed to show the workings of Housing Benefit. The family characteristics included in the tables are chosen to display various features of the social security system. The tables provide hypothetical examples and cannot be taken as representative of the circumstances of the population at large.

Further advice is available in the Notes accompanying the Tables themselves. Copies of the Tables can be obtained, price £3.30, from:

SR3A  
Department of Social Security  
Room A525  
Alexander Fleming House  
Elephant and Castle  
London  
SE1 6BY

01-407 5522 extension 6723



## ANNEX

### The Tables Themselves

Employed Versions (Table I): there are ten tables for tenants with different family characteristics covering gross earnings levels from £60 to £310 per week in £1 steps. All of the following are shown separately on a weekly basis:

- \* the relevant income tax threshold and basic income tax rate
- \* income tax payable (on a "week one" basis)
- \* national insurance contributions
- \* take home pay
- \* Family Credit entitlement
- \* Child Benefit entitlement
- \* average local authority rent appropriate to family size and any rent rebate entitlement
- \* average local authority rates appropriate to family size and any rate rebate payable
- \* total net income from pay and benefits
- \* total net income after the payment of average local authority rent and rates
- \* the combined marginal deduction rate which arises when gross earnings are increased by £1. This covers the effects of income tax, national insurance contributions and the withdrawal of any Family Credit, rent or rate rebate entitlement.

It should be noted that the illustrative combined marginal tax/benefit withdrawal rates are maximum rates which only apply in the 5 week intervals relevant to the initial assessment or subsequent reassessment of Family Credit. Family Credit awards usually last for 6 months. Legally, Housing Benefit rent and rate rebates are, like Income Support, continuously reassessed.



Unemployed Versions (Tables II): these are similar to the employed versions but they show:

- \* total net income on Income Support
- \* net income after housing cost payments on Income Support
- \* former gross earnings (in £1 steps)
- \* payable unemployment benefit
- \* any continuing entitlement to Family Credit
- \* any Child Benefit entitlement
- \* appropriate local authority average rent and rates and any rent and rate rebate entitlement
- \* total net income from benefits
- \* net income after housing costs

Unemployed Versions (Table III): this table summarises for 10 types of local authority tenant, net income when in receipt of Income Support but without a continuing payment of Family Credit.

In addition, there are two Summary Tables which show:

A: levels of gross earnings at which net income in work becomes equal to net income when unemployed and in receipt of Income Support

B: "replacement ratios": net income after housing costs when unemployed and in receipt of Income Support expressed as a percentage of net income when in work at various levels of gross earnings

Several examples are also shown of how net income after housing costs is calculated for a hypothetical family.

[ENDS]



*PHB*

*TAM B/CST*

FROM: P H BROOK  
DATE: 16 DECEMBER 1988

- 1. MR REVOLTA
- 2. CHANCELLOR

*agree. OR 19/12*

cc: Chief Secretary  
Economic Secretary  
Sir P Middleton  
Sir G Littler  
Mr Lancaster  
Mr Monck  
Mrs Case  
Mr Evans  
Mr P G F Davis  
Miss O'Mara  
Mr Revolta  
Mr Cropper

*Ch. for CST to reply? - yk*  
*25*  
*29/12*

**VIETNAMESE REFUGEES IN HONG KONG**

1. The Home Secretary and Foreign Secretary minuted the Prime Minister on 1 December proposing to extend and enhance the current commitment to resettle Vietnamese boat people in Hong Kong. The current commitment to resettle Vietnamese refugees at a rate of about 20 a month expires in May or June next year. The proposal is to extend the programme for a further 2½ years and increase the rate of resettlement to 40 a month; an additional commitment to 1000 in total. The paper fails to provide any costs of the proposals apart from the cost to the Home Office estimated at up to £½ million a year. This cost is presented so as to reserve the Home Secretary's right to bid for this sum in next year's Survey.

2. We recommend that you write expressing disappointment at the lack of adequate costing and expressing the view that all costs should be absorbed where they fall. As these are purely public expenditure points it may be more appropriate for the Chief Secretary, who also received a copy of the minute, to reply.

**Background**

3. There are around 25,000 Vietnamese boat people in Hong Kong. 9,500 arrived after screening began in June and first indications are that very few of these will qualify as refugees. If this is so, then this will leave about 15,500 to be resettled. The current rate of resettlement is around 2,500 a year. There is no guarantee that this rate can be sustained and even if it could it would still be considered inadequate.



4. The principal resettlement countries, US, Canada and Australia, are dropping Hong Kong down their list of priorities. They have indicated that it is for this country to take the lead. Without giving guarantees these countries have indicated that they might step up their resettlement programmes if we do the same.

5. In May 1987 a commitment was given to resettle 468 refugees from Hong Kong over two years, at a rate of 20 a month. It is considered that the voluntary agencies involved could handle up to 40 a month. The Home Secretary and Foreign Secretary therefore recommend a further commitment to an additional 1000 refugees at the rate of 40 a month over 2½ years beginning next June or July (the multiplication actually produces a figure of 1,200 rather than 1,000).

#### Resource consequences

6. If refugees cannot be accommodated by relatives they are housed in reception centres run by voluntary agencies. The Home Office pays for staff costs of these centres and DSS for board and lodging. Home Office estimate that they will need up to £½ million a year for grant aid to the voluntary organisations.

7. Other costs are not quantified in the paper although it says that "the burden falling on any one (statutory) service from 480 arrivals a year will not be great". The other main expenditure would be on social security benefits. It is difficult to estimate, but if all 1000 were adults and they ended up claiming maximum benefits, the cost in a full year would be around £4 million. In practice the cost is likely to be much less than this since the emphasis will be on resettling refugees with the potential quickly to become self sufficient. In addition not all the refugees will be adults, nor will they all be able to claim maximum allowable benefits. There may also be some small costs to local authorities in due course for housing and to the Employment Training Programme.



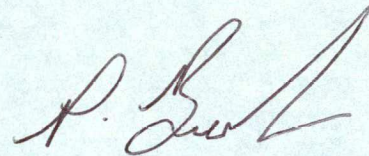
## Assessment and Recommendation

8. The likely effect of this package is highly speculative. We understand that no evaluation of past resettlement programmes has taken place and there is therefore no information on which to judge the rate at which the proposed additional tranche of refugees are likely to become self sufficient. Contrary to Ministerial agreement the paper contains no adequate assessment of the costs of the policy proposal apart from for the Home Office where even though the costs are only up to a maximum of £½ million a year the Home Secretary has effectively reserved his right to bid for additional provision in next year's Survey.

9. The other major expenditure would be on social security benefits which could on the most pessimistic assumptions possible be up to a maximum of £4 million in 1992-93. In reality it is likely to be considerably lower than this and is small in the context of a current social security budget of around £48 billion.

10. We recommend that you write expressing disappointment at the lack of cost information and expressing the view that all costs should be absorbed within existing provision. A draft letter is attached.

11. ST are content with this submission.



P H BROOK



**DRAFT LETTER TO THE HOME SECRETARY**

**Vietnamese Boat People in Hong Kong: Resettlement**

Thank you for copying to me your joint minute with Geoffrey Howe of 1 December about Vietnamese refugees in Hong Kong.

I am disappointed that contrary to the agreement of Ministers the paper does not provide a full assessment of the costs of the policy proposal. I agree however that the costs of the statutory services, notably in terms of social security benefits, will be small in relation to overall existing provision for these services. I would therefore expect such costs as there are to be absorbed where they fall. I note that you estimate the costs falling to the Home Office to be a maximum of £½ million a year for grant aid to voluntary organisations working with the refugees. I must ask that you also absorb these small additional costs within your existing provision. Subject to these points I am content with your proposals.

On a point of detail at the rate of 40 a month, 1000 refugees would be resettled in only just over two years rather than 2½ years as the paper suggests.

I am copying this letter to Geoffrey Howe, Nicholas Ridley, Norman Fowler, Chris Patten, other members of H Committee and Sir Robin Butler.

**NIGEL LAWSON**





CONFIDENTIAL

CH/EXCHEQUER	
REC.	- 5 DEC 1988
ACTION	Mr MOUNTFIELD
COPIES TO	EST. SIR G. LITLER,
	MR LANKESTER,
	MR H. P. EVANS,
	MR P. G. F. DAVIS, MR REVOLTA.

✓  
5/12

PM/88/063

PRIME MINISTER

Mr Brook: para. 8

Vietnamese Boat People in Hong Kong: Resettlement

1. There are now some 25,000 Vietnamese boat people in Hong Kong. 9,500 of these arrived after the introduction of screening on 16 June. But there have been very few arrivals since mid-September; the deterrent message of our new policy now seems to be getting through.
2. The first results of screening indicate that very few indeed of the 9,500 new arrivals qualify as refugees. Our aim is that all these non-refugees should be repatriated to Vietnam; as you know, we have made a reasonably encouraging start in our talks with the Vietnamese government.
3. But those who do qualify as refugees - ie, essentially, the 15,500 who reached Hong Kong before screening started - cannot be repatriated to Vietnam (unless they volunteer, which few are likely to do). They must be resettled elsewhere. The current rate of resettlement is now only 2,500 per 12 months. Even if the present rate of resettlement could be sustained it would take more than six years to resettle all those now in Hong Kong. That would be bad enough. But it is by no means certain that even this slow rate of resettlement can be sustained.

CONFIDENTIAL

4/6/12





CONFIDENTIAL

4. The principal resettlement countries are letting Hong Kong slip down their list of priorities even though it has the largest population of boat people in the region. In our contacts with them these countries - in particular the US, Canada and Australia (who between them have taken some 90,000 refugees from Hong Kong over the years) - have made it clear that they look to us, as the country with direct responsibility for Hong Kong, to take a lead. Without going as far as to give us guarantees as to how they would respond to an initiative from us (and we could not expect this), representatives of these countries has given us reason to believe that their own resettlement programmes from Hong Kong might nonetheless be increased if we were to make a move that they considered to be commensurate with the scale of the problem and with our special responsibility for Hong Kong.

5. We also face substantial pressure from public opinion in Hong Kong, where the burden of this 13 year old problem is considerable (we have recently received a letter from Lydia Dunn on behalf of all Executive and Legislative Councillors which has gone to all members of both Houses of Parliament, a great many of whom have now written to the Foreign Office asking what we are doing to deal with the matter). We have been reluctant to make a further commitment until now, principally because of the continuing flow of refugees into Hong Kong and the possible pull-factor of such a move. Now, however, following the introduction of screening and the consequent delimitation of the scope of the problem, we judge that the time is right.

CONFIDENTIAL





CONFIDENTIAL

6. We have considered carefully how large a commitment we should make, taking into account the capacity of our reception facilities and statutory services, and the numbers needed to stimulate the right response from the major reception countries. In May 1987 (when the number of boat people in Hong Kong was a third of what it is now) we gave a commitment to resettle 468 named refugees from Hong Kong over two years, at a rate of about 20 a month. The voluntary agencies argue that they could cope with 60 a month. We are more cautious; the agencies have no recent experience of this rate of reception. We therefore recommend 40 a month, over a period of 2½ years - amounting to an additional commitment of 1,000. Details of a possible package on these lines are set out in an annex to this minute.

7. We have in the past had problems with resettling boat people in this country and such problems are not going to disappear entirely. Some housing agencies will not welcome the additional demand. But we believe that with the selection measures proposed, an expansion of language training in Hong Kong, and use of the Employment Training programme, old problems can be reduced.

8. We estimate that the Home Office will need up to £0.5 million in each year for grant aid to voluntary organisations working with these refugees. They will of course use existing statutory services on the basis of need. The burden falling on any one service from 480 arrivals a year will not be great. Moreover the proposed

/package

CONFIDENTIAL





CONFIDENTIAL

package aims to promote self-sufficiency and enable the refugees to start contributing to the economy as soon as possible.

9. There is still a fund of goodwill towards these people and the need for an additional resettlement effort would be well understood in this country. We believe that a package of this kind is an appropriate response which should trigger significant new commitments from other countries. We should be grateful for confirmation that you would be content for us to proceed on these lines. We would aim to announce the decision early in the session.

10. Copies of this minute go to Nigel Lawson, Nicholas Ridley, Norman Fowler, Chris Patten, other members of H Committee and Sir Robin Butler.

A handwritten signature in black ink, appearing to be 'D.H.', written in a cursive style.

(DOUGLAS HURD)

A handwritten signature in black ink, appearing to be 'G.H.', written in a cursive style.

(GEOFFREY HOWE)

1 December 1988

CONFIDENTIAL



⇒ Alex.

par

QUESTION

The Lord Rippon of Hexham - To ask Her Majesty's Government whether they are yet in a position to state when and on what terms Sir Alan Walters will return to public service.  
[7 December]

DRAFT ANSWER

Sir Alan Walters is likely to return to public service around the middle of next year. The terms on which he will return are still under discussion.

R.R.B.

15.12.

ms

Alex

The Chancellor may like to be aware that the above written question in the hands - currently being cleared with the Minister for the Civil Service - will be answered on Wed 21 Dec.

Brian D.

16/12.

Mark



*pps pl on B/F*

FROM : MISS J C SIMPSON  
DATE : 19 DECEMBER 1988

- 1. MR ODLING-SMEE *ODS 20/12*
- 2. PS/CHANCELLOR

- cc PS/Chief Secretary
- PS/Financial Secretary
- PS/Paymaster General
- PS/Economic Secretary
- Sir P Middleton
- Mr Anson
- Dame Anne Mueller
- Mr Harris
- Mr Luce

*OK?*

*[Handwritten signature]*

*[Red checkmark]*

**LEGISLATIVE PROGRAMME 1989-90**

The Cabinet Office have written round asking for Ministers' bids for the legislative programme for 1989-90.

2. We have conducted a trawl of Treasury Divisions and the Revenue Departments. I attach the pro formas for the three resulting bids : on Parliamentary pensions; various other pensions measures; and agency funds.

3. I attach a draft letter to Mr Fleming.

*JS*

MISS J C SIMPSON

*256/12*



GOVERNMENT BILLS PROPOSED FOR 1989/90

[Please indicate Class of each Bill (Essential, Programme, Contingent or Uncontroversial)]

PRIORITY AND TITLE; PURPOSE <b>Essential</b>	DEPT	POLITICAL ASPECTS	LENGTH PARL. PROCEDURE; ROYAL ASSENT	FINANCIAL MANPOWER AND EC ASPECTS	TIMETABLE FOR PREPARATION
Parliamentary Pensions Bill  To provide for (a) PM/Speaker to join Parliamentary pension scheme; (b) full pensions increase and common pensions ratio for Speaker, PM, Lord Chancellor (c) Severance pay for commons Ministers	HMT	Controversial but necessary to implement TSRB recommendations	(a) Short (b) No special procedure but unsuitable for a private member	Full pensions increase/common ratio for office holders will entail small cost from Consolidated Fund. Small cost arising from Ministerial severance pay	Instructions to Counsel in early autumn



GOVERNMENT BILLS PROPOSED FOR 1989/90

[Please indicate Class of each Bill (Essential, Programme, Contingent or Uncontroversial)]

PRIORITY AND TITLE; PURPOSE  Essential	DEPT	POLITICAL ASPECTS	LENGTH PARL. PROCEDURE; ROYAL ASSENT	FINANCIAL MANPOWER AND EC ASPECTS	TIMETABLE FOR PREPARATION
Pensions (Miscellaneous Provisions) Bill To provide for (a) pensions increase for widowers (EC requirement) (b) to exclude additional voluntary contributions from pensions increase (c) scoring cost of pensions increase in teachers/NHS notional funds	HMT	Uncontroversial apart from (c)	(a) short (b) no special procedure but unsuitable for a private member	Widowers' provision to bring UK into line with EC Directives. Very small initial cost, building up into continuing commitment cost impossible to estimate - depends on number of widowers and rate of inflation.	Instructions to Counsel in early autumn



GOVERNMENT BILLS PROPOSED FOR 1989/90

[Please indicate Class of each Bill (Essential, Programme, Contingent or Uncontroversial)]

PRIORITY AND TITLE; PURPOSE	DEPT	POLITICAL ASPECTS	LENGTH PARL. PROCEDURE; ROYAL ASSENT	FINANCIAL MANPOWER AND EC ASPECTS	TIMETABLE FOR PREPARATION
<p><b>CLASS:</b> Programme</p> <p><b>TITLE:</b> Government Trading Funds Bill 1989</p> <p><b>PURPOSE:</b> Under the powers in the 1973 Act designated bodies can be taken out of the Vote accounting system where receipts cover costs. But this is only available for bodies which are "trading" or in the "nature of trading". The Bill would extend the powers in the Act to Next Steps agencies which are providing statutory regulatory services.</p> <p>The Bill would provide for loans for capital purposes to be provided from Votes rather than the NLF as under the 1973 Act.</p>	<p>Treasury</p>	<p>Likely to be generally welcomed by Parliament (as was the 1973 Act) and seen as evidence of Government's commitment to Next Steps programme.</p>	<p>May be suitable for "Second Reading Committee". Royal Assent <u>desirable</u> summer 1990 by when some agencies may be ready for designation under the order making powers in the 1973 Act and creation as Agency Funds from April 1991</p>	<p>No significant financial and manpower aspects. Should lead to improved efficiency in longer term.</p>	<p>Policy clearance currently being sought from EA in correspondence. Expected to be strongly supported by other departments. May be appropriate to consult PAC after Government's intentions are announced. Instructions to Parliamentary Counsel could be available in April 1990 and Bill ready for introduction at beginning of 1989-90 Session.</p>



W Fleming Esq  
Cabinet Office  
70 Whitehall  
SW1A 2AS

*pl type final*

**LEGISLATIVE PROGRAMME 1989-90**

You wrote to us on 18 November asking for bids for the legislative programme for the 1989-90 Parliamentary session.

Apart from the usual Finance, Consolidated Fund and Appropriation Bills, the Chancellor has three bids: two on various public sector pensions matters and one on "Next Steps" agencies' funds. I attach pro formas on all three.

M P WALLACE



21 NOV 1988



SECRETARY

21 NOV 88

FINANCIAL SECRETARY	
REC.	21 NOV 1988
Miss J. Simpson, CABINET OFFICE	
PPS, CST, PMC, EST, Whitehall London SW1A 2AS Telephone 01-270 0135	
Mr. McPherson.	

18 November 1988

Dear Private Secretary,

LEGISLATIVE PROGRAMME 1989/90

I am writing to ask for your Minister's proposals for legislation in 1989/90.

Attached at Annex A is guidance on the completion of the forms at Annexes B and C. I should be grateful if you could let me have four copies of the completed forms listing your proposals for Bills. Government Bills should be divided into Essential, Programme, Contingent and Uncontroversial categories, with each category being listed on a separate sheet of the form at Annex B. Bids for Private Member Handout Bills (also four copies, please) should be set out in the form at Annex C. If you have no candidates please let me have a "nil" return.

I should be grateful if you could send me replies by Wednesday 4 January. We intend to hold meetings in the Cabinet Office in January with those in your Department who will be responsible for the main Bills in your bids so that we can have a reasonably good idea of the contents of these Bills. To this end it would be very helpful if you could send me, with your bids, the name and telephone number of the officials who will be responsible for each of the main Bills you are putting forward so that we can arrange a meeting directly with them. QL Committee will begin their consideration of bids for the 1989/90 Session early in the New Year, in the usual way.

I am sending this letter to the Private Secretaries of all Ministers responsible for Departments and sending copies to Alison Smith (Lord President's Office), Nick Gibbons (Lord Privy Seal's Office), Murdo Maclean (Chief Whip's Office) and Rhodri Walters (Lords Chief Whip's Office). I am also sending copies to First Parliamentary Counsel and First Parliamentary Draftsman for Scotland.

Yours sincerely  
*William Fleming*  
WILLIAM FLEMING



**dti**

the department for Enterprise

*mp*

The Rt. Hon. Lord Young of Graffham  
Secretary of State for Trade and Industry

The Rt Hon George Younger TD MP  
Ministry of Defence  
Main Building  
Whitehall  
LONDON  
SW1A 2HB

**Department of  
Trade and Industry**

1-19 Victoria Street  
London SW1H 0ET

Switchboard  
01-215 7877

Telex 8811074/5 DTHQ G  
Fax 01-222 2629

CH/EXCHEQUE	
REC.	19 DEC 1988
	PMG ✓ 19/12

Direct line 215 5422  
Our ref JW5ADR  
Your ref  
Date 19 December 1988

*Yes George,*

Thank you for sight of your letter of 2 December enclosing the draft Command Paper of the Government's response to the House of Commons Defence Committee's (HCDC) Ninth Report. I think that the draft Command Paper lights upon the essential themes in rejecting the HCDC's recommendation, and argues the case admirably.

I am copying this letter to the Prime Minister and to recipients of yours.

*Yes,  
David*



2/12/88.

Chancellor

cc Mr ACS Allan  
Mr Gieve  
Mr Tyrie

For discussion  
at 6pm.

**DEBATE ON THE ADDRESS: OUTLINE**

*Handwritten initials and signature:*  
AHH  
Mr Rankin.  
Address.

Gordon Brown

Brown is likely to major on:

- pensioners and lobby briefing;
- Government meanness (child benefit, nurses' pay);
- tax cuts wrong;
- economy out of control (inflation, trade deficit).

Outline for your speech

1. Government embarking on tenth Parliamentary session in office. Opposition <sup>benefit</sup> ~~benefit~~ of ideas.

2. Resort to raking over lobby briefing. Made position clear [three weeks] ago. We want to help poorer pensioners. Would have thought Labour would welcome that. Quote Kilroy-Silk: "I cannot recall many [weeks] in which the leader of the Labour Party went hurtling into battle to defend the rich rather than to fight for the poor." Labour keen enough on means-testing in taxation; why not in benefits?

3. Resort to trying to pick holes in record on public spending, when clear:

- down as share of GDP
- more for health
- more for nurses
- more for social security
- more on capital spending



4. Resort to attacking points on economic record when clear got strongest economy since War.

5. Labour's fundamental problem: Government has gone against all their policy advice. And country has prospered. They cannot square this.

6. Compare past 5 years with Labour's 5 years. (Growth, inflation, unemployment, etc).

7. But most striking difference of all: investment. Under Labour, barely grew at all - private investment grew in line with economy as a whole, but Government investment slashed. Under this Government, private investment forged ahead. And high quality. And Government investment well directed.

8. Looking forward, stick to the policies that have brought success:

- defeat inflation (any message to markets on interest rates/exchange rates here);
- firm fiscal policy <sup>benefits</sup> <sub>h</sub> of debt repayment;
- supply-side policies - pick out importance of privatisation in this session.

9. So outlook positive: growth set to slow down, but to respectable level.



10. Transformation recognised overseas. Our voice now heard in the world. [Any message to President-elect Bush].

11. Meanwhile, as 10th anniversary approaches, Government still setting the agenda. So far from running out of steam, forging ahead, with full programme of legislation. Opposition stuck in the past.





FROM: B O DYER  
DATE: 21 December 1988

01-270 4520

**CHANCELLOR**

cc Chief Secretary  
Financial Secretary  
Paymaster General  
Economic Secretary  
Mr J Gieve  
Mrs J Chaplin  
Mrs J Thorpe

**CABINET : THURSDAY 22 DECEMBER 1988**  
**PARLIAMENTARY AFFAIRS**

Following is the business announced for the Commons in the week it returns from the Christmas recess:

Tuesday 10 January

2.30pm: Defence Questions  
3.15pm: PMs Questions  
3.30pm: **Social Security Bill: Second Reading**  
10.00pm: Cold Weather Payments Regulations

Wednesday 11 January

2.30pm: Foreign and Commonwealth Questions  
3.30pm: **Employment Bill: Second Reading**  
10.00pm: Scottish Rate Support Grant Orders

Thursday 12 January

2.30pm: Northern Ireland Questions  
3.15pm: PMs Questions  
3.30pm: Business Statement  
3.50pm: **Debate on the Autumn Statement - C/Ex & CST**

Friday 13 January

9.30am: Debate on Aids on a motion for the Adjournment

A handwritten signature in black ink, appearing to be 'B. O. Dyer'.

B O DYER  
Parliamentary Clerk





BF to m 29/12  
3/1

Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

(short)

0135

21 December 1988

W Fleming Esq  
Cabinet Office  
70 Whitehall  
LONDON  
SW1A 2AS

cc PS/CST  
PS/FST  
PS/PMG  
PS/EST  
Sir P Middleton  
Mr Odling-Smee  
Miss J C Simpson  
Mr Anson  
Dame A Mueller  
Mr Harris  
Mr Luce

Dear William,

LEGISLATIVE PROGRAMME 1989-90

You wrote to us on 18 November asking for bids for the legislative programme for the 1989-90 Parliamentary session.

Apart from the usual Finance, Consolidated Fund and Appropriation Bills, the Chancellor has three bids: two on various public sector pensions matters and one on "Next Steps" agencies' funds. I attach pro formas on all three.

Yours,

Maize

MISS M P WALLACE  
Private Secretary

Tony D. 4/1

Tony  
Thanks  
pmp

Maria  
Done  
Ty 4/1

cd you pl ring  
William F and say  
that X will be  
"short" - it got missed  
out on the pro forma.  
No need to put in  
writing. Thank  
u



GOVERNMENT BILLS PROPOSED FOR 1989/90

[Please indicate Class of each Bill (Essential, Programme, Contingent or Uncontroversial)]

PRIORITY AND TITLE; PURPOSE	DEPT	POLITICAL ASPECTS	LENGTH PARL. PROCEDURE; ROYAL ASSENT	FINANCIAL MANPOWER AND EC ASPECTS	TIMETABLE FOR PREPARATION
Essential					
Parliamentary Pensions Bill  To provide for (a) PM/Speaker to join Parliamentary pension scheme; (b) full pensions increase and common pensions ratio for Speaker, PM, Lord Chancellor (c) Severance pay for commons Ministers	HMT	Controversial but necessary to implement TSRB recommendations	(a) Short (b) No special procedure but unsuitable for a private member	Full pensions increase/common ratio for office holders will entail small cost from Consolidated Fund. Small cost arising from Ministerial Severance pay	Instructions to Counsel in early autumn



GOVERNMENT BILLS PROPOSED FOR 1989/90

[Please indicate Class of each Bill (Essential, Programme, Contingent or Uncontroversial)]

PRIORITY AND TITLE; PURPOSE Essential	DEPT	POLITICAL ASPECTS	LENGTH PARL. PROCEDURE; ROYAL ASSENT	FINANCIAL MANPOWER AND EC ASPECTS	TIMETABLE FOR PREPARATION
Pensions (Miscellaneous Provisions) Bill To provide for (a) pensions increase for widowers (EC requirement) (b) to exclude additional voluntary contributions from pensions increase (c) scoring cost of pensions increase in teachers/NHS notional funds	HMT	Uncontroversial apart from (c)	(a) short (b) no special procedure but unsuitable for a private member	Widowers' provision to bring UK into line with EC Directives. Very small initial cost, building up into continuing commitment cost impossible to estimate - depends on number of widowers and rate of inflation.	Instructions to Counsel in early autumn



GOVERNMENT BILLS PROPOSED FOR 1989/90

[Please indicate Class of each Bill (Essential, Programme, Contingent or Uncontroversial)]

PRIORITY AND TITLE; PURPOSE	DEPT	POLITICAL ASPECTS	LENGTH PARL. PROCEDURE; ROYAL ASSENT	FINANCIAL MANPOWER AND EC ASPECTS	TIMETABLE FOR PREPARATION
<p><u>CLASS:</u> Programme</p> <p><u>TITLE:</u> Government Trading Funds Bill 1989</p> <p><u>PURPOSE:</u> Under the powers in the 1973 Act designated bodies can be taken out of the Vote accounting system where receipts cover costs. But this is only available for bodies which are "trading" or in the "nature of trading". The Bill would extend the powers in the Act to Next Steps agencies which are providing statutory/regulatory services.</p> <p>The Bill would provide for loans for capital purposes to be provided from Votes rather than the NLF as under the 1973 Act.</p>	<p>Treasury</p>	<p>Likely to be generally welcomed by Parliament (as was the 1973 Act) and seen as evidence of Government's commitment to Next Steps programme.</p>	<p>May be suitable for "Second Reading Committee". Royal Assent <u>desirable</u> summer 1990 by when some agencies may be ready for designation under the order making powers in the 1973 Act and creation as Agency Funds from April 1991</p> <p align="center"><u>Short</u></p>	<p>No significant financial and manpower aspects. Should lead to improved efficiency in longer term.</p>	<p>Policy clearance currently being sought from EA in correspondence. Expected to be strongly supported by other departments. May be appropriate to consult PAC after Government's intentions are announced. Instructions to Parliamentary Counsel could be available in April 1990 and Bill ready for introduction at beginning of 1989-90 Session.</p>



⇒ *Algera*

*pv*



**FROM:** Assistant Parliamentary Clerk  
**DATE:** 23 December 1988

01-270 5007

**PS/CHANCELLOR**

cc PS/Chief Secretary  
PS/Financial Secretary  
PS/Paymaster General  
PS/Economic Secretary  
PS/C&E  
Mr Allen - EC  
Mr Odling-Smee - FIM  
Mr Gieve - IDT  
Mrs Brown - PE2  
Miss Noble - FIM1  
Miss O'Mara -MG1  
Mr Dyer

*✓*

**FORTHCOMING TREASURY BUSINESS IN THE HOUSE OF LORDS**

You may wish to be aware that the current forthcoming Treasury business in the Lords is as follows:

**ORAL QUESTIONS**

Wednesday 18 January The Baroness Carnegy of Lour - To ask Her Majesty's Government whether, in view of their stated commitment to Encouraging Enterprise and wealth creation in Scotland, they consider the United Kingdom market tax treatment of **Scottish Whisky** is as yet fair to that industry.

**Government Spokesman:** To be confirmed. Customs and Excise in the lead.

**DEBATE**

Monday 23 January Lord Kearton - To move, That this house takes note of the **European Communities Committee on a European Financial Area** (21st Report, 1987-88, HL Paper 109).

**Government Spokesman:** Lord Young of Graffham. MG1 in the lead with advice from EC and FIM.

*Mari Rogerson*  
**MARI ROGERSON**



CH/XCI	R
REC.	30 DEC 1988
PH	MISS WOODBRIDGE
S	SIR P MIDDLETON
	DAME A MUELLER
	MR CD BUTLER
	MR CC ALLAN
	MR DYER
From the Private Secretary	



MP

3/1  
10 DOWNING STREET

LONDON SW1A 2AA

29 December 1988

*Dear Paul*

PQs on Departmental Records

You will recall that early in January a number of PQs were tabled to various Departments concerning departmental files held at the Public Records Office, which remained closed in accordance with the Public Records Act. The Questions concerned varied in their wording but in general were on the lines of "... which of the criteria governing the withdrawal of papers beyond 30 years set out in paragraphs 26 and 27 of the White Paper Modern Public Records, Cmnd. 8531, applied to ...". I know that a number of Departments, including ourselves, contacted you for advice. But we do not seem to be entirely consistent in our answers. This year, and indeed throughout the year, I think we should use a consistent reply. I should therefore be grateful if all the Departments to whom this letter is copied could use the following reply:

"Records may be retained or closed for longer periods than 30 years under appropriate sections of the Public Records Act 1958 and in accordance with established criteria. It has been the practice of successive administrations not to disclose the content of records which are so withheld from public release."

This should then be used as a "blocking answer" and referred to in any subsequent cases. Could I also take this opportunity to remind all Departments of the importance of strict adherence to the criteria which are set out in paragraph 26 of "Modern Public Records: The Government response to the Report of the Wilson Committee" (Cmnd. 8531).

I am copying this letter to Private Secretaries to Members of the Cabinet.

*Z*

*Andy*

(P.A. BEARPARK)

Paul Stockton, Esq.,  
Lord Chancellor's Department.