PREM 19/1595

Cost of Parliament

PARLIAMENT

April 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~19.5.80~~		~~20.10.83~~					
~~21.5.80~~		~~21.10.83~~					
~~22.5.80~~		~~25.10.83~~					
~~30.6.80~~		~~8.11.83~~					
~~14.7.80~~		22.4.85					
~~16.7.80~~							
~~17.7.80~~							
~~5.12.80~~							
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~~30.11.82~~							
~~15.12.82~~							
~~30.12.82~~							
~~10.1.83~~							
~~25.1.83~~							
~~10.3.83~~							
~~19.9.83~~							
~~5.10.83~~							
~~11/10/83~~							
~~18/10/83~~							

PREM 19/1595

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(80) 16th Conclusions, Minute 1 (extract)	17.04.80
C(80)28	19.05.80
CC(80) 20th Conclusions, Minute 4	22.05.80
CC(80) 29th Conclusions, Minute 6	17.07.80
CC(80)44th Conclusions, Minute 1	11.12.80
CC(83) 8th Conclusions, Minute 1	10.03.83

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed C Wayland Date 18 March 2014

PREM Records Team

E.R.

Miss Rocher
please remind
me of X

MR. FLESHER

22/4

Cost of Parliament

The Prime Minister discussed at her meeting with the Lord President, Lord Privy Seal, Chief Whip and Paymaster General this morning the figures for the cost of running Parliament which were attached to your minute of 19 April.

The Lord Privy Seal agreed that the figures were disturbing, and said that he had asked for a more detailed breakdown. He suspected that there were particular aspects of the increase which would give even more cause for anxiety. However, he and the Chief Whip said that it would be better if Parliament could be brought to express concern itself about the escalation of cost rather than this becoming an issue between Government and Parliament.

The Prime Minister commented particularly on the number of research assistants being used by Members. The Lord Privy Seal said that this was not principally a problem of paid research assistants: there were many unpaid assistants who gave their services voluntarily for the experience. They were of very little use, and increased demands upon the House of Commons services. The only solution to this problem which he thought that the House of Commons would have to come to in due course was to limit the number of people for whom a Member of Parliament could secure access to the House of Commons.

X The Prime Minister also referred to the number of consultancies being accepted by Members, and told the Lord Privy Seal of the amendment which she had suggested to the reply to Mr. Gordon Brown.

F.E.R.B.

22 April, 1985.

Quotes 2

PRIME MINISTER

You were interested in the cost of running Parliament. I attach figures for 1981/82 to 1985/86. As you suspected, this demonstrates clearly that the cost of running Parliament has considerably outpaced inflation. Between 1981/82 and 1984/85 the House of Commons' vote has increased by 41 per cent compared with inflation over that period of about 16 per cent; the administration of the House of Commons has increased by 24 per cent; the House of Lords' vote has increased by 40 per cent; and the total cost of running Parliament by 38 per cent. Moreover, in 1985/86 the cost of Parliament is expected to increase by a further 10 per cent - still well ahead of inflation for this year.

Also for Monday morning. MT

19 April 1985

COSTS OF RUNNING PARLIAMENT

	1981/82	1982/83	1983/84	1984/85 (provisional)	1985/86 (estimate)
H of C Vote*	21.528	22.987	28.067	30.441	33.013
Admin Vote*	13.830	15.094	15.481	17.142	20.605
Lords Vote**	6.206	6.976	7.382	8.700	9.888
HMSO Vote¥	8.327	9.026	8.920	11.4	12.700
CCTA Vote¥	.381	.346	.521	.561	.9
PSA Vote¥	6.0	9.1	9.3	9.5	8.5
Total	56.272	63.529	69.671	77.744	85.606
%age increase over previous year.	-	11.2	9.7	11.6	10.1

* House of Commons only

** House of Lords only

¥ Both Houses

All figures are in £M and in cash terms, without adjustment for inflation. The percentage increase between 1981/82 and the estimate for 1985/86 is 52.2.

The figures do not include rates on Government buildings or the payments from the Consolidated Fund for eg the Speaker's salary. It seems unlikely that these would have significant effect on the trend.

NBPM AT 8/11

QUEEN ANNE'S GATE LONDON SWIH 9AT

8 November 1983

D Nigel

PROCEDURE (FINANCE) COMMITTEE

Thank you for sending me a copy of your minute of 19 September to the Lord Privy Seal. I am content with the line you propose to adopt on each of the Committee's recommendations. I have a particular interest in Recommendation 4 in its potential application to the broadcasting authorities and I agree that it is necessary for officials to look further at the question of including information about the finances of public corporations in the Public Expenditure White Paper. There are sensitivities here for me as well as practical considerations, and we will have to discuss the matter with the broadcasting authorities. But I see no reason in principle why they should be excluded and I hope any difficulties which discussions between officials and with the broadcasting authorities show up can be resolved.

I am also content with you proposals for handling the Report.

I am copying this letter to the Prime Minister, other Cabinet colleagues and Sir Robert Armstrong.

Yours ever
Leon

The Rt Hon Nigel Lawson, MP

Instrument
Cost April 86

CONFIDENTIAL

E/NO

NBPM

AT 26/10

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01 211 6402

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London
SW1P 3AG

25 October 1983

Dear Nigel

You wrote to the Lord Privy Seal on 19 September inviting comments on the suggested response to the Procedure Committee's report of July.

I agree with the broad lines of the response. In particular I endorse your reaction to Recommendation 5 on the External Financing Limits of the nationalised industries. It is difficult enough as it is to give the industries any fair framework within which to manage and plan. Accepting this recommendation would make matters even worse.

On Recommendations 13 to 15, I think we should be cautious about offering more information on major projects before the House has properly digested the improvements already made. It may be better to focus our efforts on satisfying the specific requirements for information from the Departmental Select Committees.

I am copying this letter to the Prime Minister, members of the Cabinet and to Sir Robert Armstrong.

Yours ever

PETER WALKER

CONFIDENTIAL

Parliament:
Cost of. April 82

PRIME MINISTER

Procedure (Finance) Committee

On 19 September the Chancellor circulated a minute suggesting the Government's response to the Committee's report. The approach he suggested was:

> "to try to meet legitimate demands of the House for additional information about the public finances if these can be provided at reasonable cost and without causing other problems (e.g., in the markets), while on matters of control resisting any major shift in the present constitutional balance of responsibilities between Government and Parliament".

He suggested some form of take note debate before which the Government offered a firm response of its own.

Most colleagues have now replied endorsing these suggestions. They have also emphasised the need to test the strength of the House first, particuarly as some of the leading protagonists are no longer Members (e.g., Mr. Michael English). It was also suggested that the Government should avoid showing its full hand initially.

The Lord Privy Seal has suggested a debate on an Adjournment Motion.

AT

21 October, 1983.

With the Compliments

of the

Lord Privy Seal

PRIVY COUNCIL OFFICE
WHITEHALL LONDON SW1A 2AT

20 October 1983

Dear Nigel,

You minuted to me on 19 September about the handling of the report of the Procedure (Finance) Committee.

I agree generally that we should resist those recommendations in this report which would significantly affect the balance of power between Government and Parliament in financial management matters, but that we should seek to meet those recommendations of the Committee in so far as they are concerned with proposals for the improved presentation of information about public finance. I also consider that we need to resist those proposals, like the proposed splitting of the Finance Bill, which would add to the pressures on Parliamentary time.

Some former Members who were prominent in this Committee have now left the House, and I would suggest that in the first instance we should assess, when the House returns, the extent of continuing interest in this report. In the light of this, the next step might perhaps need to be a debate on the report sometime towards the end of the year. A debate on an Adjournment Motion might be the most suitable form and this would provide an opportunity to assess the reactions of the new Parliament, and of expressing, as necessary, our doubts and objections, on the general lines indicated in the notes attached to your minute. The need for any more formal response, as a White Paper or in some other form, could be considered subsequently.

I am copying this letter to the recipients of yours.

Yours
John Biffen

JOHN BIFFEN

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer

NBPM
AT 19/10

CC NO

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

CONFIDENTIAL

My ref:

Your ref:

18 October 1983

Dear Nigel,

In your letter of 19 September to the Lord Privy Seal you suggest a general line for the Government's response to the report of the Procedure (Finance) Committee.

The recommendations of main concern to me are Numbers 6 and 7 which proposed that the Government should lay provisional and amendable Rate Support Grant Orders before the Summer Recess each year. I am sure we are right to resist this strongly as you have proposed. It would be quite impracticable to advance the timetable for the whole settlement to the summer, and it would undermine the basis of the complex negotiations we have both with local government and with other Departments to allow the results to be amended in detail by Parliament.

On the other recommendations in the Report I agree broadly with your conclusions. On recommendation 4 I am responsible for several of the bodies for which additional information in the White Paper is suggested. I am not opposed in principle to publishing more information about these bodies, but we shall want to look at the details of this before going firm.

On handling I would very much agree with your view that it will be desirable to test the feeling of the House before disclosing too much of our hand, given that you are proposing to reject a good many of the Report's recommendations. On the RSG recommendations in particular I think we should proceed cautiously, lest our rejection of these proposals should add to the difficulties we may have from some of our own supporters on the rate-capping proposals.

Copies go the recipients of yours.

Yours ever
Patrick

PATRICK JENKIN

CONFIDENTIAL

The Rt Hon Nigel Lawson MP

Parliament,
Apr '80,
cost of

NEW ST. ANDREWS HOUSE
ST. JAMES CENTRE
EDINBURGH EH1 3SX

NBPM
AT 19/10

The Rt Hon Nigel Lawson Esq MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

18 October 1983

Dear Nigel,

PROCEDURE (FINANCE) COMMITTEE

You sent me a copy of your minute of 19 September to John Biffen seeking reactions to your proposals for responding to this Committee's report.

I agree with you that we have little choice but to reject outright those recommendations whose practical effect would be to allow the House to infringe upon the legitimate role of Government in the management of its own financial affairs. Where it is practicable to meet the desire of the House for a greater say in some of the processes by improving information or otherwise we should certainly do so. It seems to me that your proposed response satisfies both these objectives and I am content with it.

I have a particular interest in some of the public corporations affected by Recommendation 5 and note that the Departments concerned are being consulted about the breakdown of their expenditure for purposes of the Public Expenditure White Paper. I strongly support your view about Recommendations 6 and 7: to advance the RSG timetable by five months would be impossible within the present financial planning timetable and to give the House the opportunity to make piecemeal amendments to a provisional Order would make it impossible for me to determine the shape of the settlement as a whole taking account of all relevant factors.

I hope that the outturn information to be offered in the response to Recommendation 9 will not include local authority expenditure and expenditure by nationalised industries within the definition of public expenditure since it would be difficult and costly to produce quarterly information about them in usable form and it would in any case be inappropriate for Parliament to be concerning itself so closely with non-voted expenditure.

John Biffen will no doubt be advising on the tactics of handling the report but I would certainly favour a low-key approach such as that suggested in paragraph 6 of your minute.

I am copying this letter to the Prime Minister, members of the Cabinet and to Sir Robert Armstrong.

Yours ever,

George

Parliament,
Apr '80,
Cost 08

NBPM
AT
18/10

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 6106 (Llinell Union)
Oddi wrth Ysgrifennydd Gwladol Cymru

CC NO

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 6106 (Direct Line)
From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

18 October 1983

Dear Nigel

PROCEDURE (FINANCE) COMMITTEE REPORT

In your minute of 19 September to John Biffen you outlined the response you propose to this Report and asked for colleagues' views.

I am broadly content with the line you suggest, subject to two observations, one general and one particular.

The general one is that as we have seen on other occasions, concessions can snowball. I do not dissent from the proposition that some sweetener will have to be offered to the Committee but I am a little concerned that if you offer all of the concessions you suggest at the outset the Committee will simply pocket them and come back for more. That could lead to considerable embarrassment, since I agree with you that a very large part of what the Committee suggests is plainly unacceptable. A small reserve margin of concession might therefore be a good thing.

The particular observation relates to the proposals in paragraph 119 of the Report, which are swept up (but not specifically mentioned) in Recommendation 12. In my own case, the proposition amounts to a transfer of the prerogative of allocation to services within the Welsh block from me to the Select Committee on Welsh Affairs. The commentary in the paper attached to your minute concludes that the proposition should be rejected but suggests as a reason that it is largely impractical. That must be open to argument. What is not open to argument is that the proposition is completely unacceptable because it implies a constitutional change in the respective powers of the Secretary of State for Wales and the Select Committee for Welsh Affairs.

I am copying this to Cabinet colleagues and to Sir Robert Armstrong.

Yours ever

Nick

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer

PoM Apr 80 Cost of PoM

NOPM
AT 17/10

FCS/83/199

CHANCELLOR OF THE EXCHEQUER

Procedure (Finance) Committee

1. Thank you for sending me a copy of your minute of 19 September to the Lord Privy Seal about the Government's response to the first report of the Procedure (Finance) Committee.

2. In general, I am content with the recommended approach to the Committee's proposals.

3. But I hope that the possibility of an occasional technical Autumn Bill can be kept open, as suggested in paragraph 4(d) of your minute. This would be in line with the approach commended in my Addington Society speech.

4. I am sending copies of this minute to the Prime Minister, Cabinet colleagues and to Sir Robert Armstrong.

GEOFFREY HOWE

Foreign and Commonwealth Office

17 October, 1983

slp4

cc NO

NBPM

AT 17/10 2pp's.

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury
Parliament Street
SW1 3AG

17 October 1983

Dear Nigel,

PROCEDURE (FINANCE) COMMITTEE

Your minute of 19 September to John Biffen invited comments on the proposed line of response to the Report which the Procedure Committee published in July.

I agree with your general approach of attempting, where feasible, to meet the Committee's demands for additional information while resisting any major shift in the balance of responsibilities between Government and Parliament. In particular, I am content with the proposed response to those recommendations (nos. 6,7,9(a),13 and 16) of concern to this Department.

On the question of the handling of the Committee's Report, it seems right to go forward on the basis you suggest, with the Government offering a written response after the House has expressed its views.

I am copying this letter to recipients of yours.

Yours, Keith.

Parliament.
April-80.
Cost 08.

cc NO

NBPM
at this stage
AT 17/10

MO 21/8/4

CHANCELLOR OF THE EXCHEQUER

PROCEDURE (FINANCE) COMMITTEE

In your minute of 19th September to the Lord Privy Seal you set out proposals on how to respond to the report of the Procedure Committee, which was published in July.

2. I fully endorse the broad guiding principle which you advance of trying to meet the legitimate demands of the House for additional information, if this can be given at reasonable cost and without causing other problems, but of resisting any major transfer of control to Parliament. In particular, I welcome your proposed rejection of Parliamentary control of major projects.

3. As you will be aware, we already give the House a great deal of information in the Statement on the Defence Estimates to facilitate constructive debate. We have also recently introduced an annual return of major projects to the Public Accounts Committee to enable them to monitor progress. The PAC has not so far made any visible use of this return. I do not therefore see any obvious need for additional information in the defence field, though I would of course be ready to consider reasonable proposals for improvement, subject to the qualifications which you yourself suggest.

4. I have no objections to your proposals for handling.

5. I am sending copies of this minute to the Prime Minister, to Cabinet colleagues and to Sir Robert Armstrong.

MTH

Ministry of Defence
17th October 1983

PARLIAMENT
COOR
April 83

NBPM

AT 12/10

cc NO

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

My Ref: K/PSO/27379/83

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1

11 OCT 1983

Dear Nigel,

PROCEDURE (FINANCE) COMMITTEE

Thank you for letting me have a copy of your minute of 19 September to John Biffen outlining the response you propose to the report by the Procedure Committee.

I am generally content with the line you suggest, but I have one reservation. You suggest acceptance in principle that the public expenditure White Paper should give a breakdown of the expenditure of public corporations other than the nationalised industries (recommendation 4). This would include the public trust ports. However these ports are independent of Government and their budgets and investment programmes are not subject to Government approval or control. Our policy is that the trust ports should generally look to commercial sources for new capital, and I am exploring the possibility of changing their status. To collect and publish new information about their finances would be inconsistent with the general aim of rolling back the frontiers of the public sector.

I therefore suggest that acceptance of this recommendation should apply only to bodies which are financed wholly or mainly from public funds and whose expenditure is subject to Government control.

I am copying this to Cabinet colleagues and to Sir Robert Armstrong.

Yours

TOM KING

Parliament
Cost of
April 80.

JH 765

CONFIDENTIAL

NBIM AT 31/10

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

10 October 1983

Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London SW1

Dear Nigel,

Thank you for sending me a copy of your letter of 19 September to John Biffen about the Government response to the First Report from the Procedure (Finance) Committee.

2 I am content with your general line and I agree with the list of those recommendations which you propose should be resisted. In examining the scope for some constructive movement towards the Committee on the remainder I have no doubt you will bear in mind that greater information on industrial projects could run into difficulties on commercial sensitivities and international considerations.

3 I am copying this to the recipients of yours.

Yours Ever,

Cecil

PARL: Cont d. April 1980

cc NO

NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

NBPM at this stage
I will wait until
we are more reactions and
then provide PM with an
overview. BF 20/10

AT
6/10

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1P 3AG

5 October 1983

Dear Nigel

PROCEDURE (FINANCE) COMMITTEE

Your minute of 19 September to the Lord Privy Seal invited reactions to the line which you propose the Government might take in commenting on the Procedure Committee's Report.

While the recommendations are not directly concerned with Northern Ireland finances, some of those which you propose (and which I agree) should be rejected could have implications for the supply procedures for Northern Ireland Departments and for existing Northern Ireland financial legislation which I would not welcome, since they could give rise to undesirable controversy about the roles of the Assembly and the House of Commons.

I write therefore to confirm that I am content with your approach, which should cause no special difficulty for Northern Ireland and in my view strikes the desired balance between meeting legitimate demands for information, while resisting major shifts in the balance of responsibilities between Government and Parliament.

I am copying this letter to the recipients of yours.

Yours
Jim

KL

PARLIAMENT:
Cont of:
April 80

010

NO

Prime Minister

(4)

MCS 2019

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

LORD PRIVY SEAL

PROCEDURE (FINANCE) COMMITTEE

I have been considering the line the Government might take in commenting on the report which the Procedure Committee published in July this year, and I would be glad to know your views and those of other colleagues on what I propose.

2. The report arose partly out of the work on budgetary reform which the Treasury Committee undertook in the last Parliament. The Procedure Committee were invited to follow up a number of questions which had not been studied in detail by the Treasury and Civil Service Committee. The Procedure Committee interpreted their remit very widely. Their recommendations would, if adopted, severely reduce the Government's freedom of manoeuvre on public spending and financial management generally, as well as increasing the time of the House taken up by financial matters.

3. The Committee have not made it easy for the Government to reach an accommodation on this report. Some of their more radical proposals must be firmly rejected as unacceptably compromising the Government's legitimate responsibilities for planning national finances, and in some respects, as hopelessly impracticable. There are however some recommendations on which, if colleagues agree, we might be able to go some way to meet the Committee. I attach a note which discusses the recommendations in turn and sets out what I think may have to be our ultimate response. The broad guiding principle would be to try to meet legitimate demands of the House for additional information about the public finances if these can be provided at reasonable cost and without causing other problems (eg in the markets), while on matters of control resisting any major shift in the present constitutional balance of responsibilities between Government and Parliament.

4. I think we must resist the Committee's proposals:

(a) on Government borrowing, for some form of regular Parliamentary scrutiny of the monthly outturn for borrowing against forecast and of the means whereby the borrowing requirement has been financed; for Commons control of the Government's annual borrowing on its own Account (CGBR(O)); and for Parliamentary approval of NLF borrowing for reasons of monetary control;

(b) on public expenditure, for a Commons power to approve (and amend) nationalised industries' EFLs and provisional RSG Orders and to approve the definition of the expenditure planning total; for quarterly expenditure profiles and more frequent revisions to forecast annual outturns; and for Parliamentary control of long term capital expenditure projects;

(c) on Budgetary reform, for entirely new procedures for integrated Parliamentary control of taxation, borrowing and expenditure through a new style Finance Bill based on Resolutions covering all three; for radically re-modelled legislative processes; and for a considerably enhanced role in this for the TCSC and other Departmental Select Committees;

(d) for splitting the Finance Bill into two equal parts: a very limited Bill in the Spring confined, so far as possible, only to changes in tax rates, and a regular Autumn Bill dealing with all other changes (not only technical matters but also major Budgetary matters, except for new taxes); and

(e) for any new limitations on the size and use of the Contingencies Fund.

5. More positively, however, as I have said, I believe there is scope on some of their less radical recommendations for some constructive movement towards the Committee. In particular;

(a) whilst the Committee puts its first three recommendations under the overall heading of "control of borrowing" this is slightly misleading as the first recommendation is solely concerned with improved information and monitoring. We might go some way towards meeting this by offering them calendar monthly outturn figures for the PSBR (though not information about performance against forecast);

(b) on control of non-supply expenditure, we can build upon existing plans to increase information in the Public Expenditure White Paper on public corporations' transactions; point to the good sense of including overall nationalised industries' EFLs within the normal debates on the Autumn Statement and the PEWP; and, on local authorities, take credit for having accelerated announcement of the outlines of the RSG settlement;

(c) on Parliamentary consideration of public expenditure as a whole, whilst resisting the idea of prior approval of the planning total definition, we might give greater emphasis to definitional material within the PEWP; undertake to inform the TCSC before making fundamental changes in definition; and be ready to consider more useful in-year outturn data;

(d) on Budgetary reform, I am inclined to think that we do best to hold the Public Expenditure White Paper and publish it with the Budget documents. In itself this would be a gesture towards integration. It might help to reduce pressure for earlier publication if we were to accede to the Committee's proposal for a regular debate on the Autumn Statement around the turn of the year - though without the motions the Committee propose on EFLs and without the scope for an amendable Motion or any precise commitment to Government time. We presumably cannot oppose the Committee's recommendation that the House should express its view on the principle of integrated procedures (discussed on recommendation 12) recommended by the Committee. It should also be possible, whilst rejecting the proposal for an automatic split in the Finance Bill, to keep open the possibility of an occasional technical Autumn Bill broadly on the lines proposed in evidence by my predecessor; and to accept, in suitably qualified terms, that major new taxes may be introduced in separate legislation;

(e) on control of long term expenditure projects, we might continue to look for ways in which information presented to the House about large scale projects could be improved;

(f) on the Contingencies Fund, there may be room for some benign neglect, now that Mr Michael English is no longer in the House to support his own proposals; but it would be right to keep open the possibility of some clarifying legislation on the Contingencies Fund (though excluding change in the size of the Fund) if the House presses strongly for it; and

(g) finally, on the provision of financial information, it would be difficult for us to oppose the invitation to the TCSC and the PAC to enquire into the "format, structure and content of the financial information provided for the House and its Committees" in light of the FMI and the Committee's own recommendations.

6. I doubt if we need envisage collective discussion of all this, but I should be glad to know that you and our other colleagues are broadly content with my approach. I should also value your advice on how we should handle this Report. It is, I believe, common practice for Reports affecting the procedures of the House to be followed by some form of take note debate before the Government offers any firm response of its own. Once the House has expressed its views it might then be right for the Government to offer some form of written response, whether in the form of a Treasury minute or something less formal, possibly a letter to the Chairman of the Treasury Committee. If you felt this was the right approach to this particular Report we can consider the detailed handling at a later stage.

7. You will no doubt want to gauge the strength of interest in this Report when the House reassembles. I can see no advantage in encouraging an early debate but it seems as well to consider our general position in case pressure builds up more quickly.

It would be helpful therefore if I could have colleagues' reactions within the next month or so.

8. I am copying this minute and enclosure to the Prime Minister, Cabinet colleagues and to Sir Robert Armstrong.

(N.L.)
19 September 1983

Commentary on the First Report from the Select Committee on Procedure (Finance), Session 1982-83

Recommendation 1

The monthly estimates of outturn for borrowing should formally be submitted to the Treasury and Civil Service Committee, together with the information currently given to Ministers showing the performance of the borrowing requirement against the forecast, and the means by which the requirement is financed. (Paragraph 41)

Response

Agree to provide monthly PSBR outturn figures but not monthly financing figures at this stage (they are not yet available). Reject proposal to show comparison of outturn against forecast.

Comment

We have for some time been gaining experience with monthly PSBR figures. It would anyway be sensible to begin to make them public in due course to reduce the present emphasis on the monthly CGBR, which shows only part of the picture.

Full details of the financing of the PSBR are only available quarterly. Monthly information (which relates to the financing of the CGBR) is assessed by banking rather than calendar months, for consistency with the money supply statistics. We can say that a move away from banking months is under consideration, but until a decision is taken, the most helpful figures we can provide are those already published.

Comparison of borrowing outturn with the forecast profile is one of a number of recommendations along these lines. All should be rejected on the grounds that to provide profiles through the year would create a further set of targets which would be given undue weight by commentators and by the markets.

Recommendation 2

Legislation should be introduce to provide a control by the House of Commons over the Government's annual borrowing requirement on its own account (the CGBR(O)). (Paragraph 44)

Response

Reject. If effective, this would be a serious erosion of the power of the executive. If ineffective, it would be a nuisance with no positive benefits for Parliament or the executive.

Comment

The House of Commons already has a full opportunity to debate the Government's proposed borrowing requirements, in the context of its total financial plans, at the time of the Budget, and again when the PSBR figures for the current year are reviewed in the Autumn Statement. But to introduce a formal Parliamentary control of borrowing, even the central government's own account borrowing, with limits that could not be exceeded without Parliamentary approval would be an unacceptable curtailment of the Government's freedom to manage its financial affairs.

Recommendation 3

Section 152 of the Finance Act 1982 (additional power of the Treasury to borrow) should be amended so as to provide that any use made of this power shall only be exercisable by an Order subject to Affirmative Resolution of the House of Commons). (Paragraph 47)

Response

Reject. The House of Commons legislated in the 1982 Finance Act to remove a technical obstacle to our funding policy. There is no need to amend that legislation.

Comment

The clause in the 1982 Finance Act gave the NLF the power to borrow for reasons of monetary control. This was not a new policy but it was in danger of encountering a technical obstacle. It was felt necessary to take clear legislative power to remove an arbitrary constraint on monetary management. Policy in this area will need to be explained again during the course of any debate.

Recommendation 4

The public expenditure White Paper should give a breakdown of the expenditure of the public corporations other than the nationalised industries along the lines of that given for the nationalised industries. (Paragraph 60)

Response

This is something which the Government might be able to accept in principle, subject to analysis of costs of collecting the information.

Comment

This is a recommendation designed to fill in a small gap in the statistics for a number of minor organisations (listed in Annex A). Departments concerned are being consulted at official level about this.

Recommendation 5

The External Financing Limits (EFLs) of the nationalised industries, which are published in November with the Autumn Statement, should be subject to approval in total by the House, on an amendable motion. (Paragraph 63).

Response

Reject.

Comment

For the House to take power to vary EFLs would encroach on a proper responsibility of the executive and would also be disruptive to the industries. It is already open to the House to express a view on the EFLs in the course of any debate on the Autumn Statement or the PEWP.

Recommendations 6 and 7

The Government should lay before the House, before the end of the summer recess, provisional rate support grant Reports or Orders, including a specification of the distribution formula. (Paragraph 72).

(a) There should be about 1½ days available for debate on the three provisional Rate Support Grant Orders, which should be on amendable take note motions.

(b) The final Orders should in general be given only 1½ hours each, as normal affirmative statutory instruments, with more or less extension of time being given in accordance of the degree of change (if any) from the provisional Orders. (Paragraph 74)

Response

Reject, though taking credit for the fact that the broad outlines of the settlement are now announced in the summer.

Comment

At present the House has the power to reject an RSG Order but not to amend it. The proposal would mean advancing the RSG timetable by 5 months and any piecemeal amendment of the Order would undermine the whole basis of the settlement.

Recommendation 8

The Treasury should put forward proposals to the Treasury and Civil Service Committee for defining the public expenditure planning total and these should be embodied in a report from that Committee to be approved by the House for inclusion in the subsequent public expenditure white paper. (Paragraph 84)

Response

Undertake to inform the Treasury Committee in advance about any major changes in the coverage of the planning total, but make it clear that the Government must retain the final responsibility for deciding the definition of public expenditure. Undertake to provide more material on definitions in the PEWP.

Comment

The recommendation presumably reflects some fear that the Government may make definitional changes in public expenditure to suit its own ends. This response should provide some reassurance and it will be up to the Treasury Committee to question changes if they wish. It reinforces past practice of informing the House before significant changes are made in definitions.

Recommendation 9

(a) With the Public Expenditure White Paper the Government should lay before the House a statement giving a quarterly profile for the planning total for the coming financial year, and that as soon as possible after the end of each of the first three quarters they should lay a statement of the outturn.

(b) The outturn statements should be referred to the Treasury and Civil Service Committee and, if they reveal serious divergence from the original plans and the Treasury and Civil Service Committee has so recommended, should be debated on a motion tabled by the Committee. (Paragraph 87)

Response

Reject the recommendation to provide profiles, but consider giving more and earlier information on outturns.

Comment

This recommendation is associated with recommendation 1. To provide in-year profiles of public expenditure would create a new set of targets against which to judge the Government's performance with consequent potential disturbance in the markets if not achieved. But it may be possible to provide more and earlier information on outturns.

Recommendation 10

(a) There should be a regular debate in January on a motion to take note of the Autumn Statement, following a Report on the Statement by the Treasury and Civil Service Committee, together with the motions to approve the External Financing Limits of the nationalised industries.

(b) The provisions of Standing Order No 35 (Calling of amendments at end of debate) should be extended to cover this debate. (Paragraph 99)

Response

Accept presumption that there should be a regular debate on the Autumn Statement around the turn of the year, but not tied down to a firm January date, or to provision of Government time or to any particular form of motion. Consistently with proposed response to recommendation 5 reject proposal for a motion to approve EFLs, whilst recognising that EFLs would be a proper subject for discussion in the Autumn Statement debate. The motion should not be amendable.

Comment

The TCSC in its report on Budgetary Reform recommended that the Government each autumn should publish, effectively, a Green Budget which should be debated and so influence the contents of the Budget proper in the Spring. We rejected this, but agreed to publish each year an Autumn Statement. The Procedure Committee do not argue further for a Green Budget. Instead they recommend that there should be an annual debate on the Autumn Statement in January following a report to the House by the TCSC. The debate should take place on an amendable take note motion and an amendment might reflect an alternative view put forward in the report by the TCSC.

The table below shows the timing of relevant autumn and winter economic debates. The recommendation would regularise the debate and, if seen as a substitute for the January debate, transfer it into Government time. Nevertheless in the suitably guarded form set out above the response may be acceptable as one to counterbalance the many which are not.

AUTUMN ECONOMIC DEBATES

YEAR	DATE OF AUTUMN STATEMENT	1ST DEBATE	DATE OF TCSC REPORT	2ND DEBATE
1980	24 November	27 November (Economic day of Debate on the Address .	15 December	15 January 1981- Opposition Motion on Economic and Monetarist Policies
1981	2 December	8 December (Government Motion on Economic Statement)	16 December	28 January 1982 Opposition Motion on Economic Policy
1982	8 November	10 November (Economic day of of Debate on the Address)	14 December	19 January 1983. Opposition Motion on the Economy

Recommendation 11.

(a) A Taxes Management Bill should normally be introduced early in each session of Parliament.

(b) The Finance Bill should, so far as possible, be confined to proposals for changes in rates of taxation.

(c) Proposals for new taxes should be introduced in separate legislation rather than in an annual Finance Bill. (Paragraphs 100-106)

Response

Reject (b). Agree that proposals for major new taxes should be introduced in separate legislation so far as circumstances permit. Accept that a separate Bill may from time to time be a useful vehicle for making technical and non-controversial tax changes which do not fit conveniently into main Finance Bills.

Comment

The rejection of (b) follows from the response to recommendation 12 (see below). It would in any case raise a number of practical and presentational difficulties which the Committee failed to answer.

On (a), the Committee made little progress in devising a practicable system for improving the detailed scrutiny of financial legislation and failed to follow through the

detailed consequences of their proposal. They suggest that all tax changes other than changes in the rates of taxation should be in a separate Taxes Management Bill. But these other changes can be as important, politically and financially, as changes in rates. If they have to be in a separate Bill, the impact of the Budget would be reduced. And the practical result would be that, with two Bills, more Parliamentry time would have to be spent on budgetary matters.

The Committee rejected Geoffrey Howe's suggested alternative of experimenting with a modest and essentially non-controversial autumn bill to deal with strictly technical tax matters. It is not necessary to confront them on this but the option of an occasional, technical autumn tax bill which would have to compete with its place in the legislative programme is not one that we need to - or should -rule out at this stage.

It should be possible to agree to (c) in a qualified way. It has increasingly been the practice in recent years for a Government which wants to introduce a major new tax to do so in separate legislation. The form of words proposed above simply recognises that development.

Recommendation 12

The House should be asked to express a view on the principle of integrated procedures for considering expenditure and taxation. (Paragraph 126)

Response

Accept that it is right for the House to have an opportunity to express its view on the Committee's proposal for far reaching changes in procedure, but stand ready to argue against their own particular proposals for integrated procedures as quite impracticable. The House might instead be offered the opportunity to discuss the PEWP during the Budget debates. The PEWP itself could be published on Budget day, as in 1981 and 1982.

Comment

The Procedure Committee has not pressed for a Green Budget.

The present proposal in effect aims to give the House power over spending and taxation (and borrowing) after rather than before the Government has set out its own

plans in the PEWP and the Budget. But this is a new line of approach in the context of the discussion of Budgetary Reform which began in the latter part of the 1970s.

The alternative procedure appears to work broadly as follows. The Budget would be as now in March and the Budget debates would follow. The House would then vote on comprehensive resolutions, covering rates of taxation (including unchanged tax rates), supply expenditure resolutions, and a resolution covering borrowing. A Finance Bill would be brought in which would contain expenditure clauses and taxation clauses, though the latter would only cover the main rates of tax, plus possibly a borrowing clause. After a formal Second Reading the Departmental Select Committees would examine the expenditure clauses and the TCSC would discuss the taxation clauses. The Departmental Committees would be able to amend expenditure totals downwards and to vary expenditure within the totals. The TCSC would be able, as Standing Committee may now, to vote to reduce particular taxes but not to increase them. There would be a Report Stage and Third Reading towards the end of July.

These alternative procedures would mean a radical change in the relative positions of the Government and the House.

Much of what the Committee recommend is however largely impractical in the form in which they recommend it. Under the proposed procedure the House would be making changes to expenditure which would not come into law until late July or early August for the year in question. The changes themselves might not affect spending authorities for some weeks after that. The result would be uncertainty for spending authorities while the Finance Bill was going through the House, and disruption and additional costs were expenditure to be changed substantially during the course of the Bill's passage.

For these reasons the Committee's detailed suggestions must be rejected.

One possibility that might be offered would be as in 1981 and 1982 to publish the PEWP at the time of the Budget, rather than in January or February. The TCSC in its report on Budgetary reform argued that to publish with the Budget meant an artificial delay since it could have been published earlier. The Government went along with this argument and the PEWP was published this year at the beginning of February. But the result was the nonsense of a debate on public spending only days before the Budget.

To offer the possibility of again publishing the White Paper with the Budget could be represented as consistent with the Procedure Committee's own approach though falling for good reason some way short of it: if acceptable this would avoid any repetition of this year's separate debate on public spending.

Recommendations 13, 14 and 15

13. No project falling within a definition to be agreed should be included in the July Supply guillotine if the appropriate Select Committee has reported its objections to the proposals by 8 July. (Paragraph 144)

14. The Treasury and Civil Service Committee should agree comprehensive definitions, after consultation with the other Select Committees and with the Treasury, of major items of long-term Government expenditure which are to be subject to special procedures in the House, and a Report embodying such definitions should be placed before the House for approval in sufficient time for the revised procedure to come into effect by the subsequent financial year. (Paragraph 146)

15. All projects subject to the definition approved by the House should be separately indicated and costed in their first and each subsequent appearance in the Estimates; when no expenditure is expected, but a firm commitment is to be made, a token amount of £10 should be shown. (Paragraph 152)

Response

Reject but continue to look for scope for giving clearer supporting information in the PEWP and/or Estimates.

Comment

There will be general sympathy with the objective of securing better management of long-term capital projects. However the Committee's proposals could provide new channels for pressure for such projects. Moreover:

(i) They would give Parliament the ability to veto individual projects (or, perhaps more likely, to delay their start until satisfied about them). This would be a notable shift in the present balance of power between Parliament and the executive. It would also mean that Parliament would become involved in what arguably should remain a managerial and executive function.

(ii) There would be risks of delay, and an inevitable increase in uncertainty and administrative cost.

(iii) In some cases there could be an international dimension (eg for joint projects) which could add to complication.

(iv) There are difficulties in controlling expenditure to more than one figure. Either the cash limit or the project plan would have to take precedence. We could not accept that it is cash limits which should take the burden of adjustment.

(v) Some of the major projects which have led to the Committes' concern (such as Chevaline) would almost certainly have to be excluded from the arrangements because of security considerations. For other really substantial projects the procedure is probably unnecessary. It is difficult to imagine that any government would embark on a project like the Thames Barrage without first embarking on a period of explanation and consultation which would Parliament the opportunity to make its views known then.

A good deal has already been done to increase the amount of information available.

Recommendation 16

(a). Legislation should be introduced to clarify the legality of expenditure from the Contingencies Fund.

(b) Such legislation should fix a limit to the Fund (as was the case until 1974), and this should be changeable only by Order requiring an affirmative vote of the House.

(c) The limit fixed should be upon total expenditure from the Fund during a financial year, and not upon the amount of issues from the Consolidated Fund unrepaid at any one time.

(d) The legislation should state clear conditions for expenditure from the Contingencies Fund and for the notification of the expenditure to the House. These should be discussed in detail with the Treasury and Civil Service Committee. (Paragraph 158)

Response

Reject (unless House expresses strong view, in which case consider (a) and (d) further).

Comment

This recommendation reflected strong pressure from Mr English, whose personal hobby-horse it has been.

Mr English's contention was that legal authority existed for payments into the Fund, but not for payments out. He obtained qualified support for this view from some of a number of lawyers consulted by the sub-committee of the Expenditure Committee.

This recommendation is ancilliary to the main areas covered by the report, and there may be little support for it in the new House. It would be unwise to volunteer acceptance of any part of it, although too firm rejection of (a) might be counter-productive.

Recommendation 17

The Treasury and Civil Service Committee and the Committee of Public Accounts should between them carry out a full enquiry into the format, structure and content of the financial information provided for the House and its Committees in the light of the outcome of the Financial Management Initiative and the implementation of our recommendations. (Paragraph 166)

Response

Concur. (It is for the TCSC and PAC to respond). Initiatives have already been taken by the Government to improve further the presentation of the Public Expenditure White Paper and the Supply Estimates, and we can welcome the growing interest which the House is showing in the presentation of such information.

Comment

This initiative has been identified in particular with Mr Garrett, who is no longer in the House. As the report acknowledges, improvements have been made recently in the provision of financial information, and more are promised shortly. The Committee quote the view of the previous Chief Secretary (paragraph 164) that the FMI would lead to further changes in presentation. The theme is repeated in the draft FMI White Paper. The former Chief Secretary wrote to Cabinet colleagues on 11 May this year outlining Treasury proposals for a steady evolutionary improvement in the presentation of information about public expenditure, concentrating first upon Part 2 of next year's public expenditure White Paper. A meeting has already been held with certain volunteer departments to consider the production of experimental volumes in parallel with their chapters of the 1984 White Paper. If successful, these experimental volumes could be shown to the departmental committees and to the PAC for comment.

LIST OF PUBLIC CORPORATIONS* (See Recommendation 4)

The Crown Agents
The Crown Agents Holding and Realisation Board
Commonwealth Development Corporation
British Technology Group
National Film Finance Corporation
The Pilotage Commission

Urban Development Corporations
The Audit Commission
Scottish Development Agency
Highlands and Islands Development Board

Welsh Development Agency
The Development Board for Rural Wales (other than new town activities)
Northern Ireland Electricity Services
Northern Ireland Transport Holding Company
Belfast Harbour Authority
Government Trading Funds (2):
- Royal Ordnance Factories
- Royal Mint
- Ordnance Survey
- Her Majesty's Stationery Office
- Property Services Agency Supplies

Covent Garden Market Authority
National Dock Labour Board
British Broadcasting Corporation (Home)
Independent Broadcasting Authority

Public Trusts Ports (other than Belfast Harbour Authority)
Housing Corporation
New Town Development Corporations and the Commission for the New Towns
The Development Board for Rural Wales (New Town Activities)
Bank of England
Scottish Special Housing Association
Northern Ireland Housing Executive

* As detailed in Table 5.1 Cmnd 8789 'The Government's Expenditure Plans 1983-84 to 1985-86'

NBPM
MS 26/1

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

MO 21/8/4

25 January 1983

Dear Leon

SELECT COMMITTEE ON PROCEDURE (FINANCE) : LONG TERM PROJECTS

Thank you for your letter of 10 January.

As my predecessor said we would be very concerned if the Procedures Committee were to propose that long term projects should be subject to Parliamentary approval and if the Defence Committee were to argue that this should be extended to cover defence equipment programmes. But, I take your point that, as far as the Civil Departments are concerned, you would not be offering the Committee much more than is already given to Parliament. I am content to accept your judgement that what you propose will satisfy their interest rather than prompting further enquiry.

However, I would like the defence position more clearly stated. Perhaps the final sentence of the second paragraph of the draft note circulated with your letter of 30 November might read on the following lines:

> "Defence projects would not be included: they may involve considerations of national security and are covered by other arrangements with the Public Accounts Committee."

The reference to Class 1 Vote 4, Defence Accommodation Services, in the Appendix should of course be deleted.

The Rt Hon Leon Brittan QC MP

I have now seen the draft St John Stevas Bill and agree that it does not cover the same ground.

I am copying this letter to the recipients of yours.

Yours ever

Michael Heseltine

Parliament.
Apr. 80, Cost of
parliament

Parliament
GR
11/1

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP
Secretary of State for Defence
Ministry of Defence
Whitehall
London SW1A 2HB

10 January 1983

SELECT COMMITTEE ON PROCEDURE (FINANCE): LONG TERM PROJECTS

You will have seen John Nott's letter of 30 December commenting on the draft paper to the Select Committee on Procedure sent with my letter of 30 November to Willie Whitelaw which proposed extending the existing Works Services tables inthe Supply Estimates and the letters from Cabinet colleagues supporting the proposal including your letter written when Secretary of State for the Environment. I accept the point in your letter that project information in Vote (I,4) would bepublished only if virtually all of the material could be provided. I hope that the technical point raised by David Howell and Nicholas Edwards about the price base to be used in the tables can be resolved at official level.

Unlike other colleagues John had some concerns even though defence expenditure would be excluded. Our proposal is not a radical one. We need to remember that for the most part these Works Services tables already exist. We are simply offering to extend them. By putting forward a proposal which is based on existing information together with some additional information we will be seen by the Committee as being helpful, a gesture that may satisfy their interest in this area. These Works Services tables in the past have attracted little attention, and the information to be given in the new tables isstill fairly limited, so I believe that the Committees are unlikely to take a great interest in the information. On the other hand, if we do not show helpfulness to the Committee they may well come up with far more unacceptable proposals.

John mentioned a possible link with the St John Stevas Bill. I rather doubt this myself. As explained above I believe that our proposal is not a significantly new development and that neither it nor the Stevas Bill will affect the Parliamentary Committees' existing ability to follow long term projects if they wish to do so.

Our paper needs to be sent to the Committee in the near future, I am likely to be asked to appear before the Committee as early as the end of January. I hope that you feel that you can live with our

proposals. If it would be helpful I would be glad to meet you or some other of the defence ministers to resolve any remaining problems.

I am copying this letter to the Prime Minister and other Cabinet colleagues.

Yours
Leon

LEON BRITTAN

CONFIDENTIAL NBPM. Await Tsy response

Wh 30/12

MO 21/8/4

CHIEF SECRETARY

SELECT COMMITTEE ON PROCEDURE (FINANCE): LONG TERM PROJECTS

I was interested to read the draft paper circulated with your letter of 30th November outlining the proposals which Treasury intend to make to the Select Committee on Procedure (Finance) because the PAC have also been pressing for additional information to assist them to monitor long term defence projects and we have now reached a measure of agreement on what should be provided.

2. We sent to the Committee in July a Confidential Table listing between 20 and 30 major equipment projects. (There is already a separate report made to the PAC on works projects). This Table gave information on the original estimate, expenditure to date, and estimated cost to completion of the work currently authorised for all projects on which authorised expenditure (i.e. expenditure approved by Treasury) exceeded £200m. We have subsequently agreed to add details of the original and current estimates of completion date and to provide a footnote giving the kind of information which appears in the SDE about the potential total cost of a project, including expenditure not yet authorised. The PAC seem reasonably content to proceed on this basis.

3. It seems to me that there could be significant differences between this approach and what Treasury are now proposing. I have been at pains to maintain a clear distinction between monitoring performance on established projects and debating decisions which are yet to be taken. Hence, the information which PAC will get relates primarily to authorised projects and indeed approved tranches

of expenditure within those projects. The Treasury proposals, on the other hand, would reveal in advance when it is proposed to spend money for the first time on individual projects. Moreover, the information would be given and would be considered by Select Committees in the context of the Estimates. Inevitably the impression would be created that the Committees are being asked to authorise and endorse the inception of new projects as well as to monitor progress.

4. I realise that defence projects are specifically excluded from the Treasury scheme but I do not see how I would be able to refuse a request for similar information on a classified basis from the HCDC or to avoid the possible consequences of doing so.

5. In the background there is, of course, the St John Stevas Bill, which we discussed briefly at Cabinet before Christmas. I still have not seen a draft of the Bill but if it is to reflect accurately the First Special Report from the PAC 1980/81 it must deal with the monitoring of projects. Until we see what St John Stevas proposes, it might be undesirable to seek to buy off the Procedures Committee with proposals which I see as potentially dangerous.

6. I am copying this to the Prime Minister and other Cabinet colleagues.

M H Grant (Private Secretary)
[Approved by Mr Mott and signed in his absence].

Ministry of Defence
30th December 1982

Cost of Parliament: Parliament: April 80

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 6106 (Llinell Union)
Oddi wrth Ysgrifennydd Gwladol Cymru

NBRM
MLS 15/12

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 6106 (Direct Line)
From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

15 December 1982

Dear Leon

SELECT COMMITTEE ON PROCEDURE (FINANCE): LONG TERM PROSPECTS

Thank you for copying to me your letter of 30 November to the Home Secretary asking for comments on an attached draft paper for the Select Committee outlining proposals for amplifying the information presently provided to Parliament.

I see no objection to the general thrust of your paper. However, it does seem something of a nonsense to give the information on the original Estimate, revised estimate of work carried out to date, and current estimated cost of completion all at Estimates year prices. Such a price base would be wholly artificial, since no-one can know how the construction price index will move (particularly not in time for the Table to be published in Estimates). It would make much more sense for all the information provided to be on an "actuals" basis, ie the original Estimate, the cash cost of work completed to date, and the current estimated cost of completion (the latter ought to have the assumptions underlying it made explicit in a note). Parliament could then make of the figures what it wished: the figures themselves would at least be honest and verifiable.

I hope you will feel able to amend your proposals in the way I have suggested, which would be in accordance with cash planning.

I am copying this letter to the Home Secretary and the other recipients of yours.

Yours

Nick

The Rt Hon Leon Brittan QC MP
Chief Secretary
Treasury
Parliament Street
LONDON SW1P 3AG

Parliament, Apr '80, Cost of Parliament

010

Parliament.

Prime Minister (4)

MCS 30/11

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon William Whitelaw CH MC MP
Secretary of State
Home Office
50 Queen Anne's Gate
London SW1H 9AT

MT

30 November 1982

Dear William,

SELECT COMMITTEE ON PROCEDURE (FINANCE): LONG TERM PROJECTS

The Select Committee on Procedure (Finance) is looking at overall financial procedure of the House of Commons. The Committee have asked for Treasury help in identifying and scrutinising long term projects and have requested a paper.

Treasury officials have proposed that the existing Works Services tables in the Supply Estimates be extended to assist the Committee. Of course, projects involving national security such as defence would not be included. These proposals have been circulated to officials in departments; in most cases the information can be drawn up without too much difficulty.

I attach a copy of the draft paper outlining our proposals. Subject to your comments (which I should like to have by 15 December), I will ask my officials to send it to the Procedure Committee.

I am copying this letter to the Prime Minister and other Cabinet colleagues.

Yours

Leon

LEON BRITTAN

ANNEX

DRAFT PAPER FOR: SELECT COMMITTEE ON PROCEDURE (FINANCE)

As Treasury witnesses indicated in evidence to the Committee on 22 June, there is no satisfactory single definition of a large capital project which would meet all the points raised by the Committee. An alternative approach, which the Committee might find helpful, is to build on and extend the coverage of existing material provided to Parliament. It may be found in practice that this material would give Parliament all the information necessary to strengthen its control over long-term commitments without major changes in existing Supply procedure. The framework for this improved information would be the Works Services Tables annexed at present to certain Supply Estimates. These give details for individual works projects of:- expenditure to date, expenditure during the Estimates year and expenditure beyond that time.

2. To assist the Committee, the Treasury are asking Departments to expand the contents of these works services tables. In future, the tables will have increased coverage, for example large computer projects will be included. Also, to help in monitoring particular projects the tables will include, for each project, the original cost estimate as well as the current estimate of expenditure. Projects involving national security such as defence would not be included.

3. Projects involving expenditure beyond a single Estimates year will be included in these tables where the initial estimate of cost exceeds a predetermined cut-off point, or where subsequent revisions bring costs above that level. The cut-off point will vary from case to case. The project costs in the tables will be on the basis of contract costs where applicable and will be consistent with the expenditure included in the particular Vote. If these differ from the full costs of the projects, the latter will be given at the bottom of the relevant table. Where total project costs fall on more than one vote this will be shown in a footnote to the table.

4. A list of Votes to which such Annexes are already attached is given in the Appendix below. It is hoped to extend the treatment to certain other Votes in the 1983-84 Estimates but a complete list is not yet available.

5. All tables will be in a uniform format, listing:-

(i) Project.

(ii) Year of start to original estimate of completion date.

(iii) Current estimate of completion date.

(iv) Original estimate converted to Estimate year's prices.

(v) Revised estimate of work carried out to date, at Estimate year's prices.

(vi) Estimate provision sought.

(vii) Current estimated expenditure to completion after the end of the Estimates year, at Estimate year's prices.

6. These changes should meet the Committee's wish to identify and monitor particular projects.

APPENDIX

VOTES WITH WORKS SERVICES' TABLES

Class and Vote	Department	Description
I, 4	PSA	Defence accommodation services
II, 2	PSA	Overseas accommodation services
II, 3	FCO	BBC external services
II, 4	FCO	British Council
VI, 1	Transport	Motorway and trunk roads
IX, 2	Northern Ireland Court Service	Court Rooms
IX, 8	Home Office	Prisons
X, 2	Education & Science	Universities
X, 6-10	Education & Science	Research councils, also analysis of current expenditure, and expenditure by establishments
XI, 1	DHSS	Hospitals
XIV, 1	PSA	Office and general accommodation services
XV, 6	Scottish Development Department	Roads
XV, 14	Scottish Home and Health Department	Prisons and hospitals
XVI, 1	Welsh Office	Roads and hospitals
XVII, 1	Northern Ireland Office	Prisons

Parliament

VMS

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Francis Pym Esq MP
The Chancellor of the Duchy of Lancaster
70 Whitehall
London SW1A 2AS

19 February 1981

Dear Francis,

COST OF PARLIAMENT

The Chancellor has asked me to reply to your letter of 6 February on this subject.

We do of course fully recognise the independence of the House of Commons Commission and there is no suggestion of making any change in the arrangements established under the 1978 Act.

Nevertheless, as the Cabinet has taken a strong interest in the question of economies and improved control of the direct and indirect costs of Parliament, I am anxious that we make what progress we can in securing the cooperation of the Commission on the several points set out in the first paragraph of the Chancellor's letter of 29 January. This is made all the more important by our inability to secure similar progress in the Lords without a move by the Commission, particularly in the areas of staff savings, cash limits and repayment for those services now on repayment in the civil service.

I therefore very much welcome your indication that the Commission are about to consider measures for strengthening their control over staffing expenditure and your suggestion that this will provide an opportunity to seek progress on the forward planning of expenditure in the PES context, repayment for common services, and the 1978 statutory obligation to keep staff parameters in line with the civil service.

I note what you say about cash limits, but their successful operation in government departments is not weakened by the likelihood of unexpected increases of expenditure arising during the year. When that happens, room has frequently to be made for

the new activity by sacrificing some lower priority or discarding something that has outlived its usefulness. Until now Parliament has simply imposed new expenditure demands on the Exchequer without offering any offsetting savings. In the increasingly stringent public expenditure climate, recent demands from Parliament have only been authorised in the expectation that, following the Cabinet initiative, savings in Parliamentary administrative expenditure will be found.

As a first step towards some system of cash limits, I hope it will be possible at least to persuade the Commission that before authorising new demands on the Exchequer, proposals will be fully costed and a positive search made for offsetting savings elsewhere.

I realise that the Commission may not wish to have its own expenditure too closely associated with the Government system of cash limits, but I am sure it would be feasible to devise a system appropriate to the Commission, using the approach I have suggested. My officials would be ready to help with advice on this matter, just as they would be on forward planning of expenditure and its integration in the PES.

Whilst I am very much aware of the difficulties of persuading the Commission to take these steps, I hope you will give thought to the best way of doing so. It would be encouraging if we could report some substantive progress to the Cabinet before the Recess.

I am sending a copy of this letter to the Prime Minister and the Lord President.

Yours ever
Leon

LEON BRITTAN

Parliament

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster

6th February 1981

2

PRIME MINISTER

This does not sound very hopeful; but we cannot make a big issue of it until this approach has been tried.

MS 9/2

Dear Geoffrey,

THE COST OF PARLIAMENT

[attached] You wrote to me on 29 January about the need to bring the administrative costs of the House of Commons under tighter financial control, and how far we can usefully exert any further pressure on the House of Commons Commission to subject their control of staffing expenditure to the same disciplines as those being applied elsewhere in the public service.

In general, my view is that any attempt to revert to the type of formal Government control over the House administrative expenses that existed prior to the enactment of the House of Commons (Administration) Act, 1978 is bound to be met by a bristling assertion of the Commission's statutory independence in staffing and administrative matters conferred on the Commission by that Act. You yourself experienced this when you were invited to meet the Commission on 9 December last.

It is true that, in principle, Treasury Ministers could still refuse to move the relevant Motion for Supply in respect of the House of Commons (Administration) Vote, or the House could vote down the Estimate. But these would both be extreme courses which Ministers and the Commission will be anxious to avoid. In practice, therefore, it would seem that the most effective way of making progress in bringing about improvements in the structure of control over House staffing expenditure must inevitably depend on a recognition that decisions rest with the Commission, and not with the Government, and that we will only be able to influence these decisions indirectly and by persuasion. If we appear to be attempting to return to the statutory authority which Treasury Ministers possessed prior to 1978, this may antagonise and lessen the likelihood of the Commission considering on their merits proposals put forward for their consideration.

In practice, however, I am sure that the Commission and the House authorities are well aware of the need for

Contd .....

administrative economy at the present time. The position both before and after the meeting of 9 December has not been one of stalemate, and a number of initiatives are currently under consideration by the Commission with a view to strengthening their control over House staffing and expenditure. These include recommendations that every proposal for new expenditure should in future be considered by the Commission itself before authorisation, and that applications for expenditure should, before submission to the Commission, be considered by an informal committee of Members. Whether the proposals will be agreed is not yet clear.

It had been intended that these and other recommendations for strengthening accountability would have been considered at the Commission's meeting on 2 February, and this would have provided an opportunity to have sought clarification on several other matters which have been previously raised with the Commission and to which you refer, eg the way in which the House PESC Estimates are prepared, the basis of payment for HMSO supplies and services; and when the Civil Service Department is to be consulted about the present House staff grading review. The consideration of these recommendations was deferred to a later meeting.

My own view is that it is in this way, through the maintenance of pressure on particular points and by building on initiatives taken by the Commission, rather than by any general approach, that we are most likely to make progress. In particular, I doubt very much whether there is any likelihood of it being possible to apply any effective system of cash limits to the administrative expenditure of the House on lines similar to those adopted for Government Departments. Indeed the Commission has already rejected this approach. Additional staffing and administrative expenditure, such as that stemming from increased select committee activity, frequently arises directly from decisions taken on the floor of the House. I do not think it would be realistic to expect that the House would voluntarily accept any Government curb of this kind, and it could certainly not be enforced.

I will keep you informed of the outcome of the Commission's present initiatives to improve their structure of control over House expenditure.

I am sending a copy of this reply to the recipients of yours.

Yours ever

Francis

FRANCIS PYM

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

Parliament
2

PRIME MINISTER
Not much progress, but we will keep you in touch
MS
29/1

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

29 January 1981

The Rt. Hon. Francis Pym, MC., MP.,
Chancellor of the Duchy of Lancaster

Dear Francis

THE COST OF PARLIAMENT

You will remember that last year Cabinet discussed the cost of Parliament and it was agreed we should try to seek the co-operation of the House authorities in an effort to secure economies and tighten financial and manpower control. It was arranged that our specific suggestions (cash limits; repayment for HMSO and computer supplies and services; an economy review; control of manpower and administrative costs; and forward planning of expenditure in line with Public Expenditure Survey procedures) should be put to the Commission.

I saw the Commission on 9 December (Norman St. John Stevas was present); but the result, as I reported to Cabinet on 11 December, was extremely disappointing. They were not in general receptive to advice and suggestions, and did not appear to attach sufficient importance to the effective control of the public expenditure for which they are responsible.

In the last month or two we have seen a series of demands for additional provision for Members and for the administrative support. Had the relevant Votes been subject to cash limits, these would already have been exceeded by about £1.7m. Some of the demands extend into later years adding around £3m at 1980 Survey prices to the existing provision. A lot of this is I know explained by the increased activity of both Houses, but it all points in the wrong direction as there have been no savings made, corresponding to those imposed on the civil service, to offset even part of it.

The attitude of the Commission is crucial. We are not likely to make separate progress with these matters in the Lords. The Civil Service Department has good reason to believe that useful savings could be made in the administrative costs to the Lords, but it is clear that the Lords authorities would be most unwilling to make such savings without comparable moves in the Commons. The CSD judgement is that reductions of similar kind are quite likely to be feasible in the Commons, where the money savings

/would be

would be correspondingly higher. The total annual savings in both Houses might be more than £1.3m. They would be greater still if we could get a rationalised administrative support structure for both Houses, but I doubt whether that is a practical possibility for the foreseeable future.

We cannot let this drag on. There has been no follow up on the part of either side to the meeting of 9 December, and we seem to have reached a stalemate.

I would find it helpful now to have your views on all this, as the Government's representative on the Commission. Perhaps when you have had time to think it over, we might meet for a talk.

I am sending copies of this letter to the Prime Minister and the Lord President.

GEOFFREY HOWE

OG
NUS

cc: Chief Secretary
Financial Secretary
Sir Anthony Rawlinson
Mr. C.D. Butler
Mr. Jackson
Mr. Lankester - No.10

1. PC to see
2. PA

2

PRIME MINISTER

Background to the Cabinet discussion on Thursday

MR. KEMP

COST OF PARLIAMENT: MEETING WITH THE HOUSE OF COMMONS COMMISSION MS 12/12

The Chancellors of the Exchequer and of the Duchy of Lancaster met yesterday with the House of Commons Commission to discuss how the planning and control of expenditure by the House might be improved. No officials were present and no minutes of the meeting will emerge. This note is based on the Chancellor's report of the meeting and should be treated with great care. (No further copies should be taken without specific authorisation of this office.)

2. The idea of economy was accepted by the Commission in general - though not without some robust dissent. There was no formal acceptance of, or progress on, any of the further steps listed in the speaking note provided by Mr. Butler (a copy of which is attached). The Speaker, acting personally, indicated that he would be willing to consider advice from appropriate Treasury officials on quickly establishing published cash limits and bringing the planning of Commons expenditure into line with PES procedures. (I mentioned that the best way to proceed might be for me to procure an invitation for two or so suitable Treasury officials to appear before the Speaker. I will be in touch about this.)

3. No view was taken on the question of placing all services and computers on a full repayment basis. The Chancellor thinks that the Commission would probably need to be specifically invited to consider such a suggestion.

R.I.T.

(R.I. TOLKIEN)
10 December 1980

CHANCELLOR OF THE EXCHEQUER

cc Mr Kemp
Mr Jackson
SSCS

COST OF PARLIAMENT: MEETING WITH HOUSE OF COMMONS COMMISSION

You asked for a further speaking note showing the difference between what the Commission have already agreed to (as shown in C(80)42) and what further we propose. This I attach.

CDB

C D BUTLER
9 December 1980

No officials were present.

No notes/minutes will emerge: nor that is to known, I think, that I am speaking even thus far. So

The idea of economy was accepted in general - tho' not without some robust dissent.

No formal decision of no progress on any of our fronts (i.e. w/stand the difficulties of CDL!)

But Speaker - acting personally - wd. be willing to take (but only, I think, seek out with the aucll, if pressed) some advice from some of "the Treys bright boys" on ¢ and £.

How to organise, if worthwhile?

No view taken on ¢. H of C Comm wd. presumably need to be specifically invited to consider such a thing

This needs v. tdy circulation (not to CDL! - but perhaps to No.10?)

CSD.

Commission have agreed	We want further
Staffing and Administration	
- Investigate ways to more direct control over staff increases.	- A full-scale review of control of all staff and administration costs - including existing staff - consulting CSD.
- Appoint inspector of staffing.	- Align staff complementing, grading and pay with Civil Service (as required by Act).
- Select supervisory bodies for all departments, like those for Library and Refreshment.	
Cash Limits	
- No Government-imposed limits; Commission to impose its own, when a full picture of financial expenditure available.	- Important to establish quickly published limits and stick to them.
Seeking Government views	
- No reference to Government on significant increases. Leader of House sufficient.	- /Subject to Leader's views: not enough, must be formal consultation/.
	- Forward planning at technical level. Consultations with Treasury, so that we can bring H of C expenditure into line with Public Expenditure Survey procedures (we have suggestions: offer letter).
Repayment	
- Study possibility of repayment for printing.	- Full repayment for all HMSO services (i.e. office supplies and machinery) and computers (from CCTA)

H of C: 73/4 £2.2m 79/80 £11.1m
Staff: 28%, 5 yrs +500%

TOTAL DIRECT PARLTY: > £5m
- PRINTING, STATIONERY, COMP - £8½m (+89%)

- PUBLIC CONCERN
- HOUSING THE BODIES: BUS RESTAURANTS & CARS

Parliament.

~~MTK~~ For information. Treasury are expecting considerable press interest. T. 5.12.

FOR ANSWER ON MONDAY 1 DECEMBER 1980

ANSWERED ON FRIDAY 5 DECEMBER 1980

TREASURY

La - Grimsby

No. 183 MR AUSTIN MITCHELL: To ask Mr Chancellor of the Exchequer, what is the budgetary cost per head of maintaining a member of the European Assembly; how this compares with the cost of maintaining a Member of the House of Commons; and if he will provide a breakdown to enable the difference to be accounted for.

MR NIGEL LAWSON

No precise comparison is possible between the budgetary costs of the European Parliament and those of the House of Commons. The following table shows the main categories of expenditure covered by the Budget of the European Parliament and the Votes for House of Commons expenditure.

2

PRIME ~~MINISTER~~

You might like to see - £40m for the annual cost of the Commons (excluding £11-12m for the Lords)

MS 5/12

MW

	(1) £ million	(2)
	European Parliament	House of Commons
MEMBERS OF THE INSTITUTION		
Salaries and pensions	_(3)	9.1
Travel and Subsistence	7.8	4.6
Secretarial expenses	8.9	2.9
Other	0.7	-
SUPPORTING STAFF		
Salaries, allowances, pensions, etc.	62.7(5)	7.4(5)
General expenses	4.1	2.0
ACCOMMODATION		
Rent	4.3	_(4)
Operating costs	3.3	3.8
Security	0.6	1.8
OTHER ADMINISTRATIVE COSTS		
Stationery, office equipment, etc.	6.1	3.3
Publications	3.6	3.8
Payments to Parliamentary bodies	3.8	0.6
OTHER EXPENDITURE	13.0(6)	-
TOTAL	118.9	39.3
Number of Members	410	635

NOTES

(1) The figures for the European Parliament have been taken from the 1980 Community Budget and converted to sterling at the Budget rate of £1 = 1.49 EUA.

(2) The figures for the House of Commons have been taken from the 1980-81 Estimates.

(3) Salaries of Members of the European Parliament are paid by national governments and are not included in the Budget.

(4) Rent is not payable in respect of the Palace of Westminster

(5) The Budget of the European Parliament covers the cost of 2573 posts of which approximately one-fifth are employed in the language service. The House of Commons Administration Vote coveres the costs of 772 staff.

(6) Includes £10.4 million to reserves.

MR AUSTIN MITCHELL

BACKGROUND NOTE

The differences in coverage and detail between the Budget of the European Parliament and the Votes covering House of Commons expenditure do not permit an accurate comparison between the costs of the two institutions. The major differences are explained in the footnotes to the table. The large difference between the numbers of staff employed and the levels of pay and allowances, is the main reason for the difference in costs. Roughly one fifth of the European Parliament's staff are engaged on language work (translation, interpretation and secretarial). In addition the Parliament provides staff, paid for by the Budget, for the political groups.

Parliament

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Ref. A02640

PRIME MINISTER

Cost of Parliament

(C(80) 42)

BACKGROUND

The Cabinet last discussed the cost of Parliament on 22nd May (CC(80) 20th Conclusions, Minute 4) on the basis of a paper by the Chancellor of the Duchy of Lancaster (C(80) 28). The Chancellor was invited to hold informal talks with the Speaker, the Opposition, and the House of Commons Commission to seek their support for his proposals for:

(i) a review by the Commission of the system of control over the staffing and administrative costs of the House of Commons, including the possible imposition of cash limits;

(ii) providing opportunities for the Government rather than just the Leader of the House (as a member of the Commission) to comment on proposals involving significant increases in expenditure; and

(iii) meeting the cost of printing, stationery and computing on a repayment basis so that financial control in these areas would become the direct responsibility of the House.

The Chancellor's memorandum (C(80) 42) reports the progress which he has so far made in private discussion of these issues with the Commission.

2. The Speaker is to take the advice of his Counsel on changing the Instruments of Delegation (which at present give the heads of departments almost total discretion in staffing matters) to give the Commission more direct control over the staffing of the House. It has been agreed that an Inspector of Staffing should be appointed. A small number of Members are to be appointed to bodies to supervise the administration of all departments of the House on the lines of those which already oversee the Library and Refreshment Departments, but the Commission is not willing to consult the Government about increases in expenditure. The Commission has rejected

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the imposition of cash limits on the House by the Government, but will introduce its own system in due course. A further report is to be obtained by the Commission on the financing of printing, Hansard and stationery. What all this appears to amount to is that the Commission recognise the need for better control of expenditure but are maintaining their independence in deciding how to achieve it.

3. At its meeting on 22nd May, Cabinet also invited the Lord President to ask the House of Lords Offices Committee to accept the repayment basis for printing, etc., and invited the Secretary of State for Social Services to arrange for a record to be kept next Session of the indirect costs of Parliament for his Department. All Ministers were invited to inform the Chancellor of the Duchy of Lancaster of any apparent abuses of travel arrangements by Departmental Select Committees. (The only case since reported is that mentioned by the Secretary of State for Employment at Cabinet concerning the visit of the Employment Committee to Scotland.)

HANDLING

4. You will wish to ask the Chancellor of the Duchy of Lancaster to introduce his paper. As a progress report, it does not call for lengthy discussion, but you may wish to ask the Chancellor of the Exchequer for his reaction to the paper. You might also ask the Lord President whether there has been any progress on the parallel proposals for the Lords (he may have been awaiting the reaction of the House of Commons Commission to the printing proposals before taking any initiative with the House of Lords Offices Committee on this subject). You will want to discover whether the Cabinet thinks that the report represents sufficient progress, or whether the Chancellor of the Duchy should be invited to consider how the Commission could be induced to move faster and further.

CONCLUSIONS

5. The Cabinet need do no more than take note of the Chancellor's paper and invite him and the Lord President to report any further significant developments in due course.

RTA

(Robert Armstrong)

16th July, 1980

ACTION

CONFIDENTIAL

1 Parliament

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

C(80) 42

14 July 1980

COPY NO 2

Prime Minister.

None of this surprises us but it will have made in the long run further in it.

MT 14 vii

CABINET

THE COST OF PARLIAMENT

Memorandum by the Chancellor of the Duchy of Lancaster

1. Following our discussion in Cabinet on the cost of Parliament (C(80) 28 and CC(80) 20th Conclusions, Minute 4), I held a private meeting with members of the House of Commons Commission on 7 July.

2. The Commission considered a paper which I had prepared on the control of Parliamentary expenditure. It was decided that the Speaker should seek the advice of Sir Robert Speed (Speakers Counsel) on a change in the Instruments of Delegation to ensure that the Commission have a more direct control over staff increases in the House, and it was also agreed that an Inspector of Staffing should be appointed.

No cash limits

3. On financial expenditure, the Commission decided that in order to have a greater control in the various departments of the House there should be a small number of Members of Parliament selected to supervise administration of all departments other than the Library and Refreshment Departments, where such bodies already existed. A member of the Commission should be the Chairman of each of these supervisory bodies. The Commission decided against referring proposals involving significant increases in expenditure to the Government, as they felt that the Government's view could be adequately expressed by the Leader of the House.

(1) Scope for economies Imp. stability
(2) Grading. Leader chairs House officials & CSD.
(3) Failed to get cash limits
(4) However cash limit system will operate

4. It was decided that the Commission could not agree to Government cash limits being imposed on the House, but that the Commission itself would undertake to impose its own cash limits when it had a complete picture of the financial expenditure of individual departments.

5. The Commission decided that a further report should be obtained on the proposal that printing should no longer be paid for out of departmental votes, but should be met from the House of Parliament Vote on a repayment basis.

6. At this stage, the Commission are not proposing to disclose their conclusions to the House as a whole, but will maintain confidentiality until the timing and form of an announcement can be considered. The record of the private meeting is being circulated to the Commission as a formal paper on 15 July.

N St J S

Privy Council Office
14 July 1980

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Cost of Parliament

From: THE PRIVATE SECRETARY

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/2

PRIME MINISTER

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SWIH 9AT

What other answer did he expect?

MS
30/6

30 June 1980

Dear Bill,

As he promised at Cabinet on 22 May (Item 4, foot of page 7 of the minutes) the Home Secretary has consulted the Commissioner about the present complement of police and civilian security officers engaged at the Palace of Westminster. The Commissioner has assured him that he considers the present complement to be appropriate for the task of policing the Palace.

I am sending copies of this letter to the Private Secretaries to the members of the Cabinet and to David Wright.

Yours,
Stephen

(S W BOYS SMITH)

M A Pattison Esq

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Parliament

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Ref. A02219

PRIME MINISTER

Cost of Parliament

(C(80) 28)

BACKGROUND

In the course of their discussion on Parliamentary Pay and Allowances, the Cabinet invited the Chancellor of the Duchy of Lancaster, in consultation with the Minister of State, Civil Service Department and other Ministers as necessary, (CC(80) 5th Conclusions), to prepare a memorandum on the cost of Parliament, including the costs falling on Government Departments. The Chancellor's memorandum (C(80) 28) follows such consultation.

2. He discusses the possibility of a Joint Select Committee (or a Select Committee of the House of Commons) to inquire into the costs of Parliament (paragraph 11). He doubts whether an across the board review is needed: he is concerned that Members would use it to press for better working conditions and allowances, in the light of overseas comparisons; and that it might well result in higher, rather than lower, expenditure. He regards control of the costs of works at the Palace of Westminster (Secretary of State for the Environment), and policing (Metropolitan Police and Home Office) as satisfactory (paragraph 7). Levels of Members' pay and allowances are decided following reports of the Top Salaries Review Body (paragraph 6). The main areas which, in his view, might benefit from closer scrutiny are staffing and administrative costs in both Houses, and printing and stationery costs (paragraph 8).

3. He would prefer to invite (paragraph 12) the House of Commons Commission and the House of Lords Offices Committee to review their control of administrative costs, seeking economies and better consultation with the Government (on Commons administration); and for the two Houses to assume financial control (on a repayment basis) for printing, Hansard and stationery.

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4. The Chancellor of the Duchy also mentions the costs which Parliament imposes on Government Departments (paragraphs 9 and 10); and (at the suggestion of the Minister of State, Civil Service Department) proposes that, in the next Session of Parliament, one Department should act on Sir Derek Rayner's recommendation of recording the resources committed to Parliamentary work, so that lessons could be drawn for central government as a whole.

HANDLING

5. You will wish the Chancellor of the Duchy of Lancaster to introduce his paper.

Direct Costs

6. You might then ask Cabinet to consider, first, the direct costs of Parliament.

(1) The Chief Secretary could be asked to comment. (The Chancellor of the Duchy consulted him about the draft paper.) He is likely to support a review of the systems of control over staffing and administrative cost in the Commons and Lords, and to argue for cash limits. He may also press for cash limits on Members' Salaries and Allowances (Vote XIII, 2).

(2) The Secretary of State for the Environment (also consulted on the draft paper) may wish to speak on the upkeep of Parliament. The memorandum makes no suggestion for change. He may conceivably suggest that the Lord President and the Leader of the House should assume responsibility. If so, Cabinet may feel that independent scrutiny by the Property Services Agency and its Ministers should continue.

(3) You may then wish to call on the Home Secretary (policing, and more generally), the Lord Chancellor and the Lord President (House of Lords), the Chancellor of the Exchequer, the Chief Whip and the Minister of State, Civil Service Department (Pay and allowances).

7. The main issue in this part of the discussion is likely to be -

(1) Whether the Cabinet wishes to initiate a comprehensive inquiry by a (Joint) Select Committee (paragraph 11), or the four separate initiatives (paragraph 12) relating to staffing, administration, printing, stationery and computers. An across-the-board inquiry would be able to consider (in addition to the subjects put forward by the Chancellor of the Duchy) the arrangements for determining pay and allowances, and control over the Palace of Westminster and its policing. Cabinet will need to consider the likelihood of better arrangements emerging from a wide-ranging inquiry, and the risk evidently felt by the Chancellor of the Duchy that it could open something of a Pandora's box on pay and accommodation.

(2) If Cabinet decides to adopt the approach of separate initiatives, whether there is agreement on the four proposals (12a. to 12d). Does the Cabinet wish to propose any further steps?

Indirect Costs

8. The Minister of State, Civil Service Department, who provided the assessment in paragraph 9 of the paper, might be asked to speak. He may say something about the work created for Ministers and Departments by Select Committees. For reasons of cost, he does not recommend a major survey of PQs, Select Committees and MPs' letters extending to all Departments. He commends the proposal that one Department should keep a record next Session of the resources committed to Parliamentary work (paragraph 12e.). He may also mention his wish to raise (from £50 to £100) the level above which Ministers should consider refusing to answer Parliamentary Questions on grounds of disproportionate cost. This is not an unreasonable proposition: the £50 limit was set in 1965.

9. The Chancellor of the Exchequer, who is concerned about the burdens imposed by Select Committees on Ministers and senior officials, may wish to comment; and you might also seek the views of the Lord President.

10. The main matters for Cabinet decision are likely to be whether -

(1) to endorse the proposal for a single Department to keep a record of its Parliamentary commitments - is it possible to find a typical Department from whose experience lessons can be drawn for central government as a whole? Would it not be safer, though more costly in manpower, to invite four or five Departments to take part?

(2) to pursue the possibilities of easing the burdens placed by Select Committees on Ministers and senior officials, for example by raising the matter in the Liaison Committee;

(3) to seek other ways of reducing the costs imposed by Parliament on Ministers, and their Departments, for example, by reducing record keeping and checking, by declining to deal with letters about the day-to-day business of health authorities and other non-departmental bodies.

CONCLUSIONS

11. In the light of the discussion, you may wish to guide the Cabinet to agree the Chancellor of the Duchy's approach in paragraph 12 of his memorandum. There may be support in Cabinet for steps to be taken in addition to the five proposed.

12. The Chancellor of the Duchy will need to be authorised to hold informal talks with the Speaker, the Opposition Front Bench spokesman and the Commission. The Cabinet might ask him to report back on the outcome of his discussions. The Lord President might also be asked to approach, in due course, the House authorities and the Opposition in the House of Lords.

RGA

(Robert Armstrong)

21st May, 1980

Parliament

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

19 May 1980

Cost of Parliament

The Prime Minister has seen your letter to Clive Whitmore of 16 May enclosing a draft Cabinet paper on the cost of Parliament.

She is content that the paper should be circulated, but has commented that it would be useful to add to it some figures for the cost of Parliament in previous years: for example, from 1973-4 to 1980-1. I hope that it will be possible for you to make this addition to the paper in time for it to be circulated.

I am copying this letter to Jim Buckley (Lord President's Office), Alistair Pirie (Chief Secretary's Office) and David Wright (Cabinet Office).

N. J. SANDERS

John Stevens, Esq.,
Chancellor of the Duchy of Lancaster's Office.

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PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster

16 May 1980

Dear Clive

COST OF PARLIAMENT

Further to my earlier letter of today's date. I am very sorry that we need to change page 7 of the paper. Would you please replace the existing page 7 with the version attached. This latest version - which deletes paragraph 12(6) and also amends a paragraph reference in paragraph 13 - stems from changes which were made in earlier drafts of the paper which I regret to say were not properly carried through to the version which I sent you this morning. With apologies.

I am copying this to Jim Buckley (Lord President's Office), David Wright (Sir Robert Armstrong's Office) and to Geoffrey Green (Minister of State's Office, CSD).

Yours ever
John Stevens

J W STEVENS
Private Secretary

Clive Whitmore Esq
Private Secretary to the Prime Minister
10 Downing Street

CONFIDENTIAL

1

PRIME MINISTER

Chancellor of the Duchy of Lancaster

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

The discussion of the "indirect" costs - PQs, Select Committees, MPs' letters - is very thin, and the recommendations for action are undramatic. What is more, the paper is rather long. But it would do as a starting point for next Thursday's Cabinet.

Yes. Content to let it go to colleagues?

It would be useful to have some figures of previous years - eg. from 1972-4 to date. 16/5

16 May 1980

Dear Clive

COST OF PARLIAMENT

The Chancellor of the Duchy was invited by Cabinet (CC(80)5th Conclusions), in consultation with the Minister of State, CSD, and other colleagues as necessary, to report on how best to examine the scope for reductions in and controls of the cost of Parliament. The attached draft paper has been approved by the Chancellor of the Duchy but before circulating it to colleagues he would like to know that the Prime Minister is content with it.

The Secretary of State for the Environment, the Chief Secretary to the Treasury and the Minister of State, CSD, have been consulted on the matter and the attached draft paper reflects the Chancellor's view on comments received from the Treasury and the CSD.

As you know, the plan was that this paper should be taken at Cabinet next Thursday, 22 May. If that arrangement is to stand we need to circulate the paper on Monday, 19 May. I am very sorry indeed that I have not been able to get it to you earlier.

I am copying this letter (together with the paper) to Jim Buckley (Lord President's Office) and to David Wright (Sir Robert Armstrong's Office). I have written separately to Geoffrey Green (Minister of State's Office, CSD).

Yours ever
John Stevens

J W STEVENS
Private Secretary

Clive Whitmore Esq
Private Secretary to the Prime Minister
10 Downing Street

CONFIDENTIAL

DRAFT

CABINET

THE COST OF PARLIAMENT

Memorandum by the Chancellor of the Duchy of Lancaster

1. The Cabinet invited me (CC(80) 5th Conclusions), in consultation with the Minister of State, Civil Service Department, and other colleagues as necessary, to report on how best to examine the scope for reductions in and controls of the cost of Parliament, including the costs falling on Government Departments, in meeting the demands made on them by Members of Parliament and Select Committees. In this Memorandum, I examine the direct costs of the running of Parliament, and some of the indirect costs falling on Government Departments; and go to consider ways of improving control and securing economy.

2. It is right that the cost of Parliament should be looked at in the context of our general policy of reducing public expenditure. This has not so far been done. Effective control arrangements should exist and be seen to exist. I need not spell out the constitutional difficulties. Parliament grants supply to Government. MPs attach great importance to their independence from executive control. As recently as 1978 the House of Commons (Administration) Act was passed, with all-Party support, to give the Commons control over the staffing and expenditure of the Departments of the House through the House of Commons Commission, of which the Speaker is Chairman, and I am a member in my dual role as Leader of the House and member of the Government (see paragraph 4 of Annex A). Nor will my colleagues need reminding of the difficulties we have encountered in the last year in dealing with the recommendations of the Top Salaries Review Body (TSRB) on pay and allowances for Members of Parliament. If we decide to take action on the lines discussed in this Memorandum, we should need early informal discussions with the Speaker, the Commission and the Leader of the Opposition.

DIRECT COSTS OF PARLIAMENT

3. The facts. The direct costs of Parliament in 1979-80 were £44 million, and the Estimates for 1980-81 are £51 million. (Details in Annex A; summary table at Annex B).

4. Members' salaries, pensions and allowances, Peers' allowances, the costs of staffing and policing the two Houses and the residual cost of catering, make up the bulk of the direct costs. In 1979/80 they totalled £30 million - a marked increase on the previous year. This included a special payment of £3 million to wipe out the accumulated deficit of the House of Commons Catering Department. In the last few years there have been increases in real terms in MPs' allowances and in the take-up of Peers' allowances but not in MPs' pay. There has also been a substantial increase in the staffing of the two Houses, and in policing. In the last five years, staff numbers increased by 28 per cent in the House of Commons, from 424 to 545; and in the House of Lords by 26 per cent from 149 to 188. The estimate for 1980/81 for Members' salaries, etc, staff, police and catering is £33 million. But it does not make provision for secretaries' pensions, or extended free travel for MPs; not does it take full account of the increases to be made in secretarial and research assistant allowances, in the staffing of the Select Committees, or of likely increases in MPs' and staff salaries, and in overnight allowances. These might add a further £3 or 4 million. Reliable forecasts for future years are not available. Recent experience suggests that there may be further real increases - for example, to make better provision for pre-1964 pensions.

5. The remaining direct expenditure of £14 million in 1978-80 was for the upkeep of the Palace of Westminster; Hansard, printing and stationery; computers; and financial assistance to Opposition parties and grants to Parliamentary bodies. This block of expenditure has fluctuated in real terms in recent years and has

been higher than it is now. The estimates for 1980-81 amount to £17 million. In the following two years, total expenditure on these items is expected to remain steady in constant prices. An increase of nearly £2 million in printing costs and the Hansard subsidy (resulting from the installation of a new Parliamentary press) should be offset by a reduction in capital expenditure on the Palace of Westminster.

6. The financial arrangements and the scope or need for increased Government influence or control vary markedly between the different categories of expenditure. Briefly:

(a) Members' salaries, pensions and allowances (£16 million, 1980-81 Estimate) are determined by resolutions of the House. The resolutions embody Government proposals following reports by the TSRB, but the House can and does amend the proposals;

(b) House of Commons' administration costs, including the staff of the Departments of the House (£11 million), are controlled by the House of Commons Commission, advised by the heads of Departments who form the House of Commons Board of Management. Cash limits of the type now imposed on staff costs in Government Departments do not apply.

(c) House of Lords' administration costs (£5 million) fall within an estimate presented by Treasury Ministers; there is closer consultation with CSD about the House of Lords' staff than about the equivalent staff in the Commons;

(d) The Palace of Westminster. Capital works and maintenance (£8 million) are the responsibility of the Secretary of State for the Environment, subject to normal Treasury controls.

(e) Hansard subsidy, printing, stationery and computer costs (£8 million) arise from Parliamentary demands but are borne on departmental votes as an "allied service".

7. The relatively modest administrative costs of the House of Lords are subject to normal Treasury-type controls, but not to cash limits. There appear to be proper controls over works and furnishings at the Palace of Westminster although the level of expenditure on some aspects does not escape criticism. The Home Office and the Metropolitan Police have sufficient influence and incentive to see that the number and cost of police officials assigned to Parliament are kept to the minimum consistent with security. We are making some progress in securing accountability for claims for Members' travelling allowances - an area in which there has been scope for abuse - and I am about to write to my colleagues on the subject.

8. Areas which might be looked at. On the other hand, the controls over House of Commons staffing and administrative costs are not as tight as we would wish. There is no system of cash limits. The House of Commons Commission is required by the 1978 Act to keep staffing levels and salaries and other conditions of service broadly in line with those of the Home Civil Service. There has so far been little informal consultation with the Civil Service Department. Nor has an effective central unit to scrutinise the costs of the House Departments yet been established. There is no satisfactory system of control over printing, stationery and computer costs; neither House has been willing for these costs to be met on a repayment basis, with the House authorities assuming responsibility for control and accounting.

INDIRECT COSTS OF PARLIAMENT

9. The costs imposed by Parliament on Government Departments are more difficult to assess. The broad estimates in Annex C suggest that the cost of answering Parliamentary Questions is less than £2 million a year. The cost of Departments' work in response to Select Committee enquiries at this stage can be no more than tentative. The new Committees are still settling down and there can be no certainty how their work will develop. I have already told the Chairman of the Committee that we cannot

support the establishment of more sub-committees this session. We shall, however, come under continuing pressure in the future. No estimate of the cost of replying to MPs' letters is available but Annex C illustrates the volume of work that is entailed. The total cost of these three departmental activities - on PQs, Select Committees and MPs' letters - seems unlikely to be more than £10 million or so a year. A thorough exercise across all Departments to check this estimate would in itself be expensive. For example, the last survey of the cost of Parliamentary Questions was conducted 8 years ago: a new survey would cost about £20,000. If we want a better appreciation of the indirect costs of Parliament, it would be best to pursue Sir Derek Rayner's recommendation that in the next session of Parliament one Department should keep a record of the resources committed in support of Ministers' and their senior officials' Parliamentary work. While no Department is typical, it should be possible to select one, from which we might draw lessons that could be applied to central government as a whole.

had to believe Mr

10. In addition to the burdens that can be attributed to Parliament's activities, the House exercises a pervasive influence on the work of all Departments. Because Ministers are accountable to Parliament for every action taken by their Departments, detailed records are kept sometimes for that purpose alone, and a premium is put on caution, on careful checking and on avoiding mistakes. This is one of the main differences between the operations of central government and the private sector.

FURTHER EXAMINATION OF COSTS

11. I have considered whether we should approach the Speaker and the Opposition about a fresh inquiry into the costs of Parliament. Such a general inquiry would have to be instituted by Parliament and not by the Government; it could not appropriately look at ways of reducing costs within Government Departments. The quickest form of investigatio would be a one-man inquiry, but nothing came of the Report on the structure of the administration of the House of Commons made in 1973 by Sir Edmund Compton, a former Comptroller and Auditor General. If the Cabinet decided on a comprehensive inquiry it would, in my view, be best to seek a Joint Committee of both Houses, or a Select Committee of the House of Commons since Commons expenditure is much the greater part. A Select Committee could

identify areas where control of expenditure is lax and suggest remedies. We would have to seek terms of reference which emphasised the theme of economy - including the possible imposition of cash limits of staff ceilings - but which excluded the level of Members' pay. Whatever the terms of reference, some Members would use the establishment of a Select Committee to press for better working conditions and allowances, citing overseas comparisons. In the light of the earlier analysis in this paper, I am doubtful whether we need an across-the-board review, which could well result in higher rather than reduced expenditure.

12. An alternative approach would be to take a series of more limited initiatives which would be valuable in their own right and, taken together, would help to make Parliament more cost-conscious.

(1) We could see if the Speaker would be willing to support a review by the House of Commons Commission of the system of control over the staffing and administrative costs of the House of Commons. Such a review could cover the scope for possible economies and consider the extension of the cash limit system to expenditure on the House of Commons (Administration) Vote.

(2) The House of Lords Offices Committee might be asked to undertake a similar review in relation to the staffing and administrative costs of the House.

(3) The House of Commons Commission might be asked to recognise the need for the Government (and not just the Leader of the House) to be given adequate opportunity to comment on proposals involving significant increases in future expenditure. The current review of staff grading by INBUCON is a case in point.

(4) The House of Commons and the House of Lords Offices Committee should be asked to accept that printing (including Hansard), stationery and computer requirements should be obtained, not as an allied service, but, as elsewhere, on a repayment basis. This would mean that financial control would be the responsibility of the two Houses.

(5) The exercise on indirect costs recommended by Sir Derek Rayner (paragraph 9) should proceed and the position be reviewed when its findings are known.

CONCLUSION

13. I invite the Cabinet to take note of the costs of Parliament identified in the memorandum, and of the areas which might be looked at further; and to agree that we should pursue the measures set out in paragraph 12. I seek authority to hold informal talks with the Speaker, the Commission and the Opposition about the measures affecting the House of Commons.

NOTE ON DIRECT COSTS OF PARLIAMENT

1. This Annex deals with the direct costs of Parliament itself, including the allowances and expenses of Peers, salaries, allowances and expenses of Members, the salaries and expenses of the staff of both Houses, catering, stationery and printing and the upkeep of the Palace of Westminster. The total cost was about £44 million in 1979-80, and the estimate for 1980-81 is £51 million. A summary of the figures is given in Annex B. The method of preparing and scrutinising the Estimates and the extent (if any) of Ministerial control over the level of expenditure varies from one group of expenditure to another. The differences are set out below.

HOUSE OF COMMONS

Members' Salaries, Expenses and Pensions: Estimates Class XIII, 2. (No cash limit)

1979-80				1980-81
£6,079,000	Members' Salaries			£7,678,000 (1)
£7,133,000	Members' Expenses			£7,548,000 (2)(3
	(a)	Travelling expenses	£2,366,000	
	(b)	Payments for secretarial assistance	£2,921,000	
	(c)	Payments for staying overnight away from main residence	£2,246,000	
	(d)	Miscellaneous	£ 15,000	
£1,442,000	Contribution to Members' Pension Fund			£1,399,000
£ 15,000	Members' Fund (Grant in Aid)			£ 15,000
£14,669,000				£16,640,000

The 1980-81 estimate does not make provision for:

(1) Any salary increases beyond about 14% agreed in the light of a further TSRB report in 1980.

(2) The full cost of increased Members' secretarial and research assistance allowance and of pensions for secretaries; the cost of implementing the resolution of the House on Members' free travel.

(3) Costs of expected increase in additional costs allowance.

2. The level of Members' salaries, and the range and level of their allowances, are determined by Resolution of the House. These are normally in accordance with proposal made by the Government following consideration of periodic reports by the Top Salaries Review Body. The Government's proposals may not necessarily be accepted by the House, eg the recent amendment of the Government's proposal to reject the Review Body's recommendation to increase the scope of the travel allowance. The Top Salaries Review Body is in future to make annual recommendations and, while the Government are not committed to accept their recommendations in respect of Members' salaries, they have said that they will do so unless there are compelling reasons to the contrary.

3. The Estimate, calculated by the House authorities on the basis of the relevant Resolution, is formally presented by Treasury Minister, without prior scrutiny. The Accounting Officer is the Clerk of the House. Some Members arrange for their secretar to be paid out of their secretarial allowance direct from the Fees Office. In other cases the secretarial allowance is paid direct to the Member. A Member's declaration that he has incurred secretarial or other expenses to a specified amount is accepted without further check.

House of Commons: Administration. Estimates, Class XIII, A. (No Cash Limit)

1979-80		1980-81
£132,000	Office of the Speaker (10 staff)	£ 162,000
£1,530,000	Department of the Clerk of the House (127 staff)	£1,939,000
£1,078,000	Department of Serjeant at Arms (182 staff)	£1,338,000
£ 958,000	Department of Library (119 staff)	£1,204,000
£1,511,000	Administration Department (65 staff) (includes costs of staffs of select committees, postal services to Members repaid to Post Office)	£1,953,000
£ 610,000	Department of Official Report (71 staff) (Hansard Reporters, not printing cost)	£ 794,000
£ 489,000	Retired Staff Allowances	£ 552,000
£3,266,000	Refreshment Department	£1,551,000
£1,463,000	Police	£1,829,000
£11,037,000	Gross	£11,322,000
£ 75,000	Appropriations in Aid	90,000
£10,962,000	Net	£11,232,000

4. General. The House of Commons (Administration) Act 1978 provided that Estimates all these departments should be presented to Parliament by the House of Commons Commission. The Act, which had all-party support, implemented the recommendations of the Bottomley Committee. The House of Commons Commission is advised by the House of Commons Board of Management (the heads of the departments of the House), and the Services Committee and its sub-committees of Members also give advice. The 1978 Act provides that House staffing and grading levels, etc should be broadly in line with those in the Civil Service, and it is open to the House of Commons Commission (of which the Leader of the House is one of the six members) to seek CSD advice if they choose to do so. That apart, Ministers can influence the levels of expenditure only in so far as rates of pay are increased in line with general increases in Civil Service pay.

5. The Bottomley Committee recommended the gradual development of a unified financial and establishment function serving the various departments of the House. This is not yet fully developed.

6. The Accounting Officer is the Clerk of the House and the accounts subject to the audit of the Comptroller and the Auditor General.

7. Catering. New arrangements come into force for the financial year 1980/81. The cost of the staff of the Refreshment Department will become a charge on public funds, and the department will be expected to meet its other expenses from receipts. The House of Commons Commission, advised by the Catering Committee, will present the Estimates for staff costs and the Clerk of the House will be the Accounting Officer. The total provision in 1979/80, including a special payment to eliminate the bank overdraft and repay a Treasury loan was £3,266,000. In 1980/81 staff costs are estimated to be £1,551,000.

8. Policing. The House authorities and the Metropolitan Police jointly consider the appropriate level of police manpower for the Palace of Westminster. (The costs are divided equally between Lords and Commons). They take the advice of the Joint Security Committee of both Houses into account. Although the Metropolitan Police do not themselves bear the costs they have to provide the police officers from within their total establishment (approved by the Home Secretary) and, given a chronic shortage of manpower, at the expense of other duties. They have, therefore, an incentive to keep numbers and costs down to the minimum consistent with security.

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HOUSE OF LORDS

Expenses and Administration. Estimates Class XIII, 1. (No Cash Limit)

1979-80			1980-81
£ 848,000	Expenses of Peers		£1,153,300
	(1) Travelling for attendance at the House	£327,000	
	(2) Other expenses	£812,000	
	(3) London Supplement to Ministers	£ 14,000	
£ 1,565,000	House of Lords Offices (192 staff)		£2,010,000
£ 184,000	Retired Allowances		£ 207,000
£ 1,463,000	Police		£1,829,000
£ 41,000	Refreshment Department		£ 63,000
£ 4,101,100	Gross		£5,262,000
£ 43,000	Appropriations in Aid		£ 50,000
£ 4,058,000	Net		£5,212,000

9. Expenses. The maximum level of Peers' expenses is laid down in a Resolution of the House tabled by the Government following consideration of a TSRB report.

10. Staff. The remuneration of Officers of the House of Lords is decided by Resolution of the House bearing in mind Civil Service analogues. For other staff the responsibility rests with the House of Lords Offices Committee, but there is a greater degree of consultation with CSD than is the case for staff of the departments of the House of Commons, and thus a degree of Ministerial control.

11. Catering. There is a contribution towards staff costs during the period of the Recess in 1980-81.

12. Policing. This represents a share of the cost of policing, determined as in paragraph 8 above.

13. General. The vote is presented by Treasury Ministers. There is CSD scrutiny. The Clerk of Parliaments is the Accounting Officer.

COSTS ATTRIBUTABLE TO BOTH HOUSES

Fabric of Palace of Westminster. Estimates Class XIV, 1

1979-80		1980-81
£3,238,000	Maintenance and operating costs	£4,531,000
£2,486,000	Capital costs (includes new works, furniture and minor works)	£2,503,000
£ 650,000	Non-industrial staff costs (these costs, borne on the Property Services Agency Vote, include Special Services Secretariat, PSA costs, and non-industrial cleaners and office keepers)	700,000
£6,374,000		£7,734,000

14. Since 1965 control of the Palace of Westminster has been vested in the Speaker and the Lord Chancellor, with the Lord Great Chamberlain having certain residual functions. The responsibility for the maintenance of the fabric of the Palace of Westminster, including heating, rests with the Department of the Environment, whose expenditure is subject to normal Treasury controls. Capital expenditure is also the responsibility of DOE, taking account of proposals for new works made by the Palace authorities.

15. The estimate is presented by the Secretary of State for the Environment as one item of a larger vote, and from the financial year 1980/81 the Accounting Officer will be the Chief Executive of the Property Services Agency.

Rates on the Palace of Westminster. Estimates Class XIV, 5 (No Cash Limit)

£201,000	House of Lords	£217,000
£402,000	House of Commons	£587,000
£603,000		£804,000

Hansard deficit, Printing and Stationery: Estimates Class XIII, 29 and 30 (No Cash Limit for printing and stationery)

1979-80			1980-81
£3,773,000	Deficit on Hansard		£4,331,000
£2,744,000	Stationery and Printing supplies		£3,108,000
	(1) Supplies to House of Lords	£ 788,000	
	(2) Supplies to House of Commons	£ 2,320,000	
£6,517,000			£7,439,000

16. HMSO supplies all this material as an "allied service" and has in practice [illegible]ely to supply what Parliament wants. (There is, however, a power to refuse a request from an individual member that appears unreasonable. For example, a request from a Member for an individual copy of Erskine May is not granted). The cost, therefore, appears on an HMSO Vote, and the Accounting Officer is the Controller HMSO Payments from 1980-81 are made to the HMSO Trading Fund. From the beginning of the financial year 1980/81 HMSO will provide equivalent services to Government Departments on a repayment basis, with the cost being borne and accounted for by the Department concerned.

Computer Services to Parliament. Estimates Class XIII, 14. (Subject to cash limit)

1979-80		1980-81
-	Capital Expenditure	£634,000
216,000	Current Expenditure	£338,000
216,000		£972,000

Salaries and Pensions Charged to Consolidated Fund

1979-80		1980-81
£45,000	Salaries etc from Consolidated Fund	£90,000

17. Payments are made by statute from the Consolidated Fund to the Speaker, Opposition Chief Whips and Assistant Opposition Whips in the House of Commons, and to the Leaders of the Opposition in both Houses. The amounts are decided on the basis of the recommendations of the TSRB. The Accounting Officer is the Permanent Secretary, Treasury.

Financial Assistance to Opposition Parties: Estimates Class XIII, 2. (Cash Limit)

1979-80	1980-81
£242,000	£231,000

18. The amounts payable under this scheme are determined in accordance with a formula embodied in a Resolution of the House. The uses to which the aid is put are at the discretion of the Opposition parties subject to the terms of the Resolution. The money may be used for Parliamentary work in both Houses. Upratings are by Resolution of the House moved by the Government. Discussions are taking place with the Opposition at the present time about an increase.

The Vote Estimate is presented by Treasury Ministers and the Accounting Officer is the Clerk of the House.

Grants in Aid to Parliamentary bodies. Estimates Class XIII, 4. (Cash Limit)

1979-80	1980-81
£519,000	£717,000

20. Grants are made to the UK Branch of the Commonwealth Parliamentary Association; the British Group of the British-American Parliamentary Group; the British Group of the Inter-Parliamentary Union, and to the History of Parliament Trust. The Estimat is presented by Treasury Ministers and is subject to Treasury control. Expenditure out of these grants in aid is not accounted for in detail to the Comptroller and Auditor General, but the books and accounts are open to his inspection. The Accountin Officer is the Permanent Secretary, Treasury.

SUMMARY OF DIRECT COSTS OF PARLIAMENT 1979/80

(as shown in Estimates)

	1979-80 £000s	1980-81 £000s
HOUSE OF COMMONS		
Members' Salaries	6,079	7,678
Members' Expenses	7,133	7,548
Contribution to Members' Pension Fund	1,442	1,399
Contribution to Members' Fund	15	15
Office of Speaker	132	162
Department of Clerk of the House	1,530	1,939
Department of Serjeant at Arms	1,078	1,338
Department of Library	958	1,204
Administration Department	1,511	1,953
Department of the Official Report	610	794
Retired Staff Allowances	489	552
Refreshment Department	3,266	1,551
Police	1,463	1,829
less Appropriations in Aid	- 75	- 90
	25,631	27,872
HOUSE OF LORDS		
Peers' Expenses	848	1,153
House of Lords Staff	1,565	2,010
Retired Allowances	184	207
House of Lords Refreshment Department	41	63
Police	1,463	1,829
less Appropriations in Aid	- 43	- 50
	4,058	5,212

COSTS APPLICABLE TO BOTH HOUSES

	1979/80 £000s	1980/81 £000s
Fabric of Palace of Westminster		
Maintenance and operating costs	3,238	4,531
Capital costs	2,486	2,503
Non-industrial staff costs	650	700
Rates	603	804
Deficit on Hansard	3,773	4,331
Stationery	2,744	3,108
Computers	216	972
Salaries, etc on Consolidated Fund	45	90
Financial assistance to Opposition Parties	242	231
Commonwealth Parliamentary Associations	519	717
	14,516	17,987
TOTAL DIRECT COSTS	44,205	51,071

SOME INDIRECT COSTS OF PARLIAMENT

There is a wide range of indirect costs to Government Departments, stemming from Ministerial responsibility to Parliament. Little firm information is available about the extent of these Departmental costs, but the following tables give some indication of the extent of the work involved in dealing with Parliamentary Questions, Ministerial correspondence with Members of both Houses, and Select Committees.

NUMBERS AND ESTIMATED COST OF HOUSE OF COMMONS

PARLIAMENTARY QUESTIONS

SESSION	SITTING DAYS	NO OF ORAL PQs	ESTIMATED COST OF ORAL PQs	NO OF WRITTEN PQs	ESTIMATED COST OF WRITTEN PQs
1974-75	198	9,368	£400,000	27,284	£1,000,000
1975-76	191	9,538	£400,000	31,922	£1,150,000
1976-77	149	6,941	£300,000	24,328	£900,000
1977-78	169	9,036	£400,000	28,739	£1,050,000
1978-79	86	4,699	£200,000	13,152	£450,000

ORALS £42 each (about) WRITTENS £36 each (about)

These costs are no more than broad estimates based on a sample survey of the average costs involved in answering Oral and Written PQs carried out in 1972. The figures have simply been adjusted to take account of increases in Civil Service rates of pay up to 1 January 1980. They have been rounded to the nearest £50,000. The figures suggest the following -

a. average number of Oral PQs per sitting day = 50
b. average cost of Oral PQs per sitting day = £2,150
c. average number of Written PQs per sitting day = 158
d. average cost of Written PQs per sitting day = £5,700

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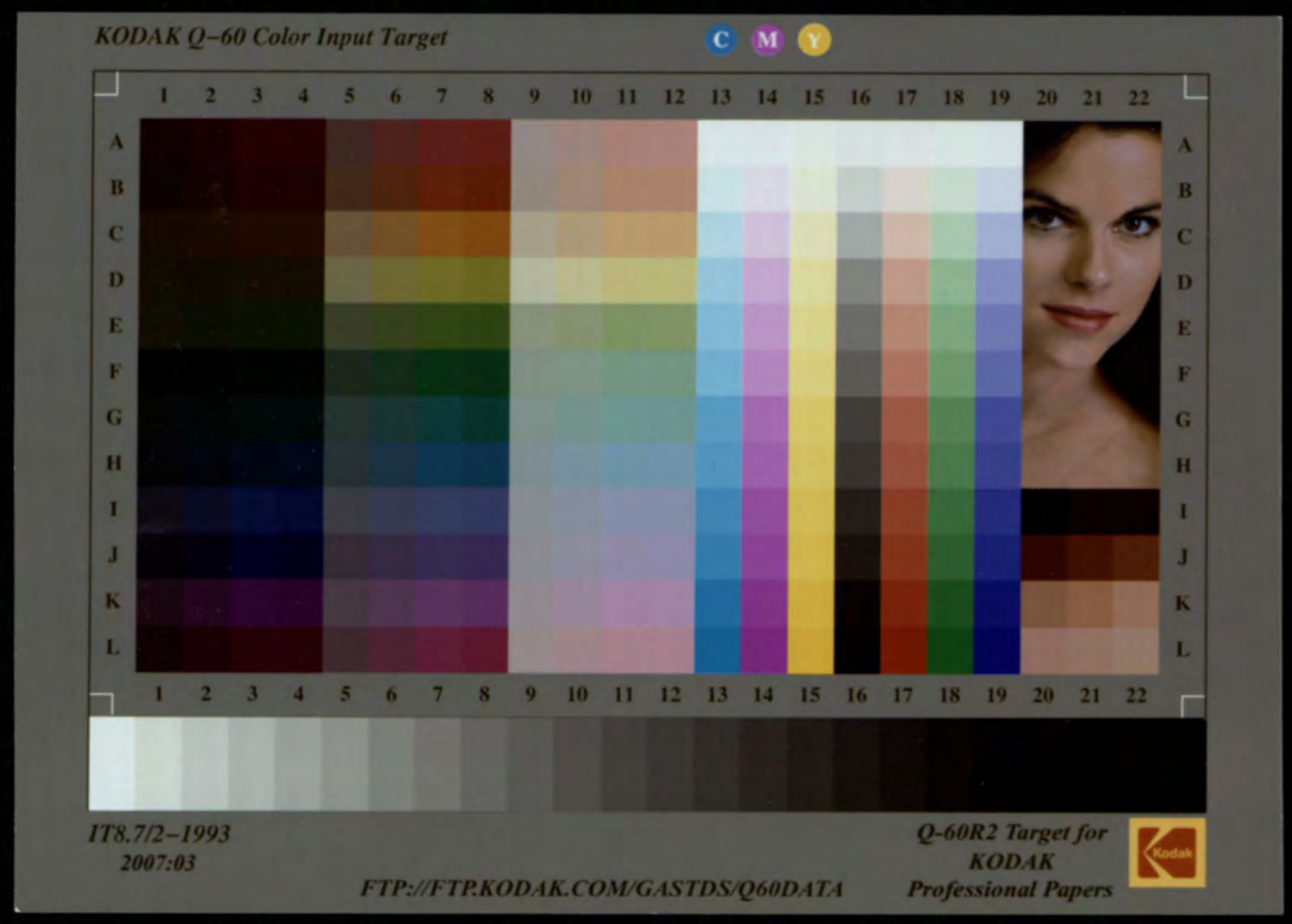
MINISTERIAL CORRESPONDENCE

(HOUSE OF LORDS AND HOUSE OF COMMONS)

Neither total numbers nor costs of Ministerial correspondence with Peers and MPs are available. There has been no survey, comparable to that on PQs, about the cost of correspondence. It would be more difficult and expensive to mount than a survey of the cost of PQs.

Five departments have, however, provided estimates of letters received from MPs and Peers in the period 3 May 1979 to 31 January 1980. They are as follows:

(a)	DOE	9,860
(b)	DTp	4,350
(c)	DES	5,400
(d)	Home Office	16,600
(e)	MAFF	2,500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