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PART 7

Confidential Filing

House of Commons Procedure.
Reorganisation of Select Committees.
Departmental Select Committees.
Disclosure of Documents.
Advance copies of Command Papers.
Replies to Select Committee Reports.
Procedure for Clearance.

PARLIAMENT

Part 1: May 1979

Part 7: June 1985

PREM 19/1879

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~10.6.85~~		~~18/12/85~~					
~~12.6.85~~		~~25/12/85~~					
~~17/6/85.~~		6/1/86					
~~19/6/85~~		~~24.1.86~~					
~~20.6.85~~		~~28.1.86~~					
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~~26/6/85~~		~~3.2.86~~					
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16.12.85		~~6.6.86~~					
		16.6.86					
		PART ENDS					

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PART 7 ends:-

DTI TO LPC 16.6.86

PART 8 begins:-

SS/DoE TO DTI 3.7.86

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(85) 23rd meeting, item 3	04/07/1985
CC(85) 29th meeting, item 1	15/10/1985
CC(85) 36th meeting, item 1	12/12/1985
CC(86) 7th meeting, item 1	20/02/1986
CC(86) 19th meeting, item 1	08/05/1986
CC(86) 20th meeting, item 2	15/05/1986

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 _____ Date 13/10/2014

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

Cmnd. 9697: Balance of Trade in Manufactures: Government's reply to the Report in the House of Lords Select Committee on Overseas Trade, Session 1984-85
Published by HMSO, December 1985 [ISBN 010 196970 8]

Signed C A Wayland Date 5 February 2015

PREM Records Team

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From the Parliamentary Under Secretary of State for Trade and Industry

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NBPM.

16 June 1986

Dear Willie,

REPORT TO THE EDEN COMMITTEE ON METROLOGICAL CONTROL OF EQUIPMENT FOR USE FOR TRADE - GOVERNMENT RESPONSE

On 26 April last year I circulated to H Committee a summary of the Eden Report (concerning weighing and measuring equipment for use for trade) which was subsequently published as Command Document (Cmnd. 9545). The Deregulation White Paper "Building Businesses - Not Barriers" commits us to publishing a response by August and I now attach the draft Response.

Colleagues will see that the majority of proposals have been accepted either wholly or in part, although we have not accepted the Committee's proposal that a new QUANGO be created, nor do we intend to amend the terms of reference of an existing one. In deciding which of the Recommendations to implement the Department has sought to reduce burdens on businesses and encourage innovation while ensuring that the consumers' interests remain adequately protected. Preliminary compliance cost assessments have already been sent to the Department of Employment.

This draft Response allows detailed consultations with interested parties and in particular with local Authorities who have responded positively. Further consultations will of course take place once more detailed proposals are available in a few months time and officials from here will be discussing with the Home Office the passages covering offences.

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A new Weights and Measures Bill will be required and I shall of course be seeking policy clearance from H Committee for the Bill (which also incorporates some non-Eden related changes) later in the year.

I should be grateful for your, and colleagues endorsement that the Government Response be published. To meet the August deadlines I propose that the Response be published on 24 July so it would be helpful to have clearance to publish by the end of this month.

I am copying this letter and the draft Government Response to the Prime Minister, members of H Committee, Richard Luce and Sir Robert Armstrong.

Yours ever

Richard

LORD LUCAS OF CHILWORTH

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MANAGEMENT IN CONFIDENCE

METROLOGICAL CONTROL OF EQUIPMENT FOR USE FOR TRADE

Government Response to the Report of the Eden Committee.

Introduction

On March 13 1984, Alex Fletcher MP, then Parliamentary Under-Secretary of State for Corporate and Consumer Affairs, announced the setting up of the Committee on Metrological Control of Equipment for Use for Trade. The Committee comprised representatives from all interested parties - manufacturers, installers, repairers, users, central and local government, consumers and an independent member under its independent chairman, Dr E N Eden CB. The terms of reference were:-

(i) To review those provisions of the Weights and Measures Act 1963, as amended by Sections 16 and 17 of the Weights and Measures Act 1979, concerned with pattern approval, testing, stamping and inspection of weighing or measuring equipment for use for trade, taking account of the impact of modern technology.

Note: At the time the report was written, the Weights and Measures Acts in force were those of 1963, 1976 and 1979. These have since been consolidated - without any change in the powers - in the 1985 Act. All references in the report to the 1963 and 1979 Acts should be read as to the 1985 Act.

(ii) To examine alternative methods of metrological control, including self-certification by manufacturers that might be applied in future to weighing or measuring equipment and their effect on legal provisions.

(iii) To make recommendations to the Department of Trade and Industry and report by 31 December 1984.

The aim was to review the need for new provisions, more attuned to modern technology and trading conditions, in the field of metrological control of weighing or measuring equipment used for trade. Developments in technology, particularly the advent of microelectronics, have placed great strains on the traditional methods of assessing the accuracy and suitability of such equipment. The Committee examined the shortcomings of the current system and proposed methods of metrological control which they thought could provide an effective alternative for many years to come.

The committee sat throughout 1984 and presented their unanimous report to the Parliamentary Under-Secretary of State for Trade and Industry, Lord Lucas of Chilworth, in early 1985. The report was published by HMSO in June 1985 (Cmnd 9545). Simultaneously, the Department of Trade and Industry set in motion a public consultation exercise. A press release announced the publication and invited comments. Some 500 letters were written to

manufacturers, users and other individual and corporate interested parties. 97 substantive replies were received of which all but a handful were broadly in favour of the bulk of the committee's recommendations.

The Government welcomes the Report which gives a thorough and professional assessment of the problems of control in this area. It is especially apt that the first steps to implementing the reforms recommended, which should be of widespread benefit can be taken in 1986 - Industry Year.

In taking action on the Report, the Government will pay particular attention to alleviating burdens on business, especially small firms wherever possible. It believes this can be achieved without in any way reducing confidence in fair trading. The recommendations help to promote the Government's policy of encouraging industry to install Quality Assurance systems certified by bodies accredited by the National Accreditation Council for Certification Bodies, thus raising the quality of goods and services and increasing international competitiveness. The Government will implement the recommendations in such a way as to encourage competition and innovation.

The Report has a number of implications for local authority Trading Standards Officers ("inspectors"), who are the cornerstone of the regulatory system of equipment in use for trade. The Government wishes to capitalise on their experience and expertise in this area,

to enhance their developing role in offering an advice service to industry on regulatory matters, to remove the requirement for unproductive tasks and thus to allow local authorities to use their manpower more effectively. Therefore, the Government places great stress on the optimum involvement of inspectors in new arrangements arising from this report.

The Government is strongly committed to the removal of technical barriers to trade. Therefore new schemes will be available to foreign manufacturers on the same basis as to home manufacturers. While adopting the spirit of the recommendations entirely, the Government will be prepared to alter detailed implementation plans at any stage if it appears expedient to advance harmonisation of the regulatory framework within the European community.

The action which the Government proposes to take on this Report will undoubtedly be helpful to industry. However, the Government will take no step which could compromise fair trading. Indeed, this will be promoted by the raising of the quality of manufactured goods and services which should result. The Government believes that the basis of fair trading is the acceptance by all parties that the regulatory framework is reasonable. It is therefore especially pleased that the Report was unanimous and that reform in this area can be accepted by all interested parties without controversy.

Government Response to the Recommendations

Recommendation 1

We recommend that pattern approval by the Secretary of State be retained.

Government response: accepted

This confirms the findings of the recent Rayner Scrutiny of the National Weights and Measures Laboratory (NWML) that pattern approval requires the independence and authority of Government.

However, the Government will continue to seek ways of minimising burdens on equipment manufacturers by giving these more responsibility in pattern approval procedures wherever practicable. Some recent moves in this direction are covered in the response to Recommendations 2 and 3 below.

Recommendation 2

We recommend that:

(i) The potential in in-process examination (IPE) be exploited by both industry and NWML to a greater extent than it is at present.

(ii) NWML and industry finalise the draft arrangements for accepting manufacturers' test and trials results.

(iii) The agreed arrangements for involving inspectors, as appropriate, in IPE work be put into immediate effect; and

(iv) NWML re-launch its IPE publicity campaign.

Government response: accepted

(i) NWML has already revised its application forms and guidance material to make its requirements clearer to submitters. This should help to raise the standard of submitters' supporting documentation which has been of very mixed quality. If this can be achieved, there should be benefits to all submitters in terms of increased processing speed.

(ii) This recommendation aims to put more responsibility on industry for getting its designs right first time and is especially welcomed. NWML has recently formulated specific proposals and is in the process of consulting industry. NWML is also considering how further aspects of the responsibility for certifying design can be placed in industry. This would be of advantage to firms with a good record of putting forward carefully-designed products which invariably meet NWML

criteria. Such firms could expect to obtain their approvals more quickly and cheaply.

(iii) Local authority inspectors already play a part during many examinations, to the mutual benefit of submitter, inspector and pattern examiner. It would, however, be a waste of resources for inspectors to be routinely involved in

every pattern examination. NWML is currently discussing with inspectors how their contribution can be optimised.

(iv) NWML has revised its brochure explaining how the IPE scheme works and will be launching the new brochure by the spring of 1986.

Recommendation 3

We recommend that, on specialist equipment, NWML maintain a flexible approach to pattern examination, adjusting its requirements wherever possible and drawing as appropriate on the expertise of the home authorities.

Government response: accepted

NWML has been adopting a progressively more flexible approach to the examination of specialist equipment in recent years and the endorsement of this trend by the Committee is welcomed. Similarly, the

involvement of home authorities is almost invariable in the case of specialist equipment. NWML recognises the burden on manufacturers of one-off or several-off items of equipment which pattern approval imposes and intends to minimise these burdens wherever consistent with maintaining confidence in fair trade.

Recommendation 4

We recommend that the details of a scheme to give approval to parts of weighing or measuring equipment be worked out.

Government response: accepted in principle

NWML is already able to issue certificates of compliance (with any specification) to components or peripherals of weighing and measuring equipment under S6 of the Weights and Measures Act 1985. It will shortly seek accreditation by the National Measurement Accreditation Scheme (NAMAS) for carrying out tests and issuing certificates of calibration. A certificate of compliance with NWML's Design Assessment Criteria is the nearest practical thing to an approval of a part. Equipment submitted consisting entirely of parts already bearing such certificates may in some cases be able to be approved after only a limited examination or even as a paper exercise. This should smooth the flow of work to NWML and give commercial advantages to manufacturers of "certified components", especially when exporting. Occasionally, it would also save

approval time and fees although not frequently since NWML never repeats tests unnecessarily on parts it has already examined. There is no bar to this procedure being used at present but because of the way pattern approval has grown up no manufacturer has ever used the system in this way. Therefore, NWML will discuss with manufacturers whether to alter administrative procedures to maximise the benefits derived from the above arrangements, whilst still maintaining existing flexibility.

However, the Government considers that a change in the law to permit pattern approval of components of equipment is neither necessary nor desirable. There are very few components which could sensibly be said to be "suitable for use for trade". This can usually only be determined in the context of a complete machine.

NWML will also discuss with manufacturers, repairers and inspectors whether advantageous changes to the law on reverification following repair can be based on a parts certification scheme.

Recommendation 5

We recommend that applications for pattern approval (including those for modifications) be restricted to manufacturers or to their authorised representatives and that the Certificates of Approval be granted to them.

Government response: accepted in part

For some years, it has been NWML practice to ensure that the approved machine should bear the name of the submitter. One reason for this was to discourage anyone other than the original submitter from marketing an allegedly approved machine without contacting NWML (who would be able to verify that the new submitters machine did conform in all essentials to the approved pattern). Acceptance of this recommendation would give this practice a basis in law and would align national pattern approvals with EC approvals.

However, the intention behind this recommendation may have been stronger - to prevent third parties from seeking pattern approval for a modification of an already approved design from another submitter. The Government will not implement such a restriction. It would be anti-competitive and would have reduced the pace of innovation in some fields significantly in recent years.

Recommendation 6

We recommend that consideration be given to incorporating disclaimers on safety in Certificates of Approval.

Government response: accepted

The Department has no responsibility for testing the safety of equipment submitted for assessment of its suitability for use for

trade. A safety disclaimer will therefore emphasise that NWML has not tested for safety.

Recommendation 7

We recommend that manufacturers assume responsibility for conformity of their production models with the approved pattern, and be subject to appropriate sanctions.

Government response: accepted

The Government accepts the Committee's proposition that it is unrealistic to expect inspectors to bear the onus of checking conformity given the complexity of modern electronic equipment. Changes in the law are required to reduce significantly the risk of unauthorised design changes. All manufacturers will be required to keep records of all design changes and to make these available to the Secretary of State or to inspectors on demand. It will be an offence for a manufacturer to seek stamping of equipment (or supply on the basis of suitability for stamping) where the design differs materially from an approved pattern. Inspectors will have powers to impound equipment where reasonable grounds exist for suspecting non-conformity. The Secretary of State will take powers to require the manufacturer to take reasonable steps to draw users' attention to the non-conformity. Officials' powers will be used only when essential so that none of this will be a burden on the responsible manufacturer.

Recommendation 8

We recommend that a self-verification system, agreed by interested parties, be set up.

Government response: accepted

The Government believes that the implementation of this recommendation will be a valuable reduction in burdens on business which can be achieved without in any way compromising fair trading. The costs of operating such a scheme (which should be very much less than the current costs of verification) will be recovered in full through an accreditation fee.

Recommendation 9

We recommend that the self-verification system be available to organisations which:

(i) are accredited and audited in accordance with BS 5750 or such other quality assurance system as may be determined;

(ii) have their accreditation undertaken by NWML in association with appropriate local authority inspectors;

(iii) are audited by the appropriate local authority inspector, assisted as necessary by NWML. To achieve uniformity, co-ordination could be on the lines of that provided by the NMCU under the Weights and Measures Act 1979.

Government response: accepted

(i) and (ii) Accreditation to self-verify will depend on the applicant satisfying the Secretary of State about

(a) quality assurance

(b) the traceability of testing equipment to National measurement standards

(c) the procedures for ensuring conformity with an approved pattern

(d) the adequacy of the testing regime for ensuring that self-verified equipment meets the relevant Regulations

It is essential to ensure that a self-verifying organisation has a quality assurance system of demonstrably high standards. The Government believes that this should be achieved through adherence by the organisation to BS 5750, the national standard for Quality Systems. This will be one part of a guarantee of the high equipment standards required to ensure fair trading and will also help to raise standards and efficiency of the organisations generally. Any organisation holding a certificate of adherence to BS 5750 (in association with an appropriate technical schedule) issued under a scheme accredited by the National Accreditation Council for

Certification Bodies (NACCB) will meet requirement (a). Foreign manufacturers will be able to participate either through BS 5750 or an equivalent national scheme where a reciprocal recognition agreement has been negotiated.

In introducing Quality Assurance procedures in this area, there is a special opportunity to benefit from inspectors' accumulated experience in the verification of equipment and of Quality Assurance procedures in the control of packaged goods. Therefore, the Government believes that in many cases, especially for small firms undertaking straightforward manufacturing installation or repair processes, it will be efficient for Quality System Assessments to be carried out by appropriately trained inspectors.

The Government has noted with satisfaction the increasing scope and application of BS 5750 certification, particularly its adaptation to small and specialised firms. Therefore, it will encourage the collaboration of the inspectorate and certification bodies in developing streamlined schemes based on BS 5750 with the intention that such schemes should become accredited by the NACCB. In addition to guaranteeing high standards, the right to use the NACCB logo should be to firms' commercial advantage.

The Government's dual aim is to alleviate a burden on industry and to promote fair trading by raising standards. It will

therefore encourage maximum participation in the self-verification scheme by ensuring that the arrangements for assessment of organisations' Quality Assurance procedures are as streamlined as possible.

The other conditions (b),(c),(d) will be judged following an assessment of the applicant by NWML and the local inspector.

(iii) Self-verifying organisations (SVOs) will have to continue to satisfy the initial requirements in order to maintain their accreditation. Regular assessments by the certification body will in any case be necessary to maintain the QA certificate. In addition, all self-verified equipment will have to be notified to an inspector so that a sample can be subjected to a statutory check verification. The evidence gathered in these exercises will be used to assess the SVO's fitness to self-verify. The inspector will have powers to issue instructions to a SVO regarding verification procedures and powers to embargo equipment where the spot checks have revealed an unsatisfactory performance by the SVO. This surveillance procedure is very much along the lines of that very successfully operated for the "Average System" of quantity control of packaged goods (introduced by the Weights and Measures Act 1979). The Government accepts that there should be co-ordination of the programme of surveillance so as to ensure nationwide consistency and will discuss with local authorities how this should be achieved. Also needed are powers of

concillation and arbitration between an aggrieved SVO and an inspector along the lines of those for the "Average System".

Improper use of the power to self-verify will be an offence.

The Government recognises that inspectors will need training for the additional functions connected with self-verification envisaged above. It will discuss with local authorities how this should be organised and funded.

Recommendations 10 and 11

We recommend that the self-verification system have supervisory arrangements for providing advice to the Secretary of State and for dealing with such matters as registration, co-ordination, appeals and other matters relevant to the general operation of the system. We have identified three alternative arrangements:

(i) NWML and NMCU with a revised constitution covering the function, with a requirement to consult an Advisory Committee that reports to the Secretary of State and draws its numbers from the interested parties;

(ii) NMCU with a revised constitution;

(iii) a Commission similar to that described in S.7 of the Weights and Measures Act 1963, but with a revised constitution.

We recommend that, since the necessary functions could be fulfilled by each of the alternatives, a final decision on which to adopt should be primarily determined by government policy. The decision should however bear in mind the following requirements:

(i) adequate representation and influence should be provided for all interested parties (eg NWML, local authority inspectors, industry, users, consumers);

(ii) meet the government's policy requirements within the spirit of the White Paper on Standards, Quality and International Competitiveness;

(iii) operate with minimum of cost and bureaucracy.

Government response: accepted in principle

The scheme certainly needs satisfactory arrangements for providing the Secretary of State with an overview of its operation and for dealing with disputes and other matters. However, the Government believes that the approaches set out would be bureaucratic and are not in harmony with its policy of reducing burdens on business. Instead, the Secretary of State will rely on arrangements for co-ordination of individual aspects of the scheme. QA Certification Bodies have oversight arrangements which cover the need as far as QA aspects are concerned (and they are themselves overseen by the

National Accreditation Council for Certification Bodies). There will also be oversight of surveillance of verification as discussed in the response to Recommendation 9. In addition, the scheme will be kept under review so as to ensure that desirable improvements are brought forward.

Recommendation 12

We recommend that the self-verification system be optional initially but with the Secretary of State being required to review its operation within three years of commencement and being empowered, after consultation, to make the system mandatory for weighing and measuring equipment for use for trade.

Government response: accepted in principle

The Government accepts that the scheme must be optional (on the submitter) initially and will keep an open mind about whether it should eventually become mandatory. A mandatory scheme would allow local authority manpower to be used more effectively. However, it might be difficult to make it consistent with the Government's obligations to GATT and the EC and might impose more burdens than it removes on some small firms. This will only be determined in the light of experience and an initial review after 3 years of operation seems about right.

Recommendations 13 & 14

We recommend that the self-verification system:-

(i) be applied initially to manufacturers. This will include consideration of manufacturers both at home and abroad;

(ii) in its application to manufacturers, include any repairs undertaken by them on an accredited site. The system could be extended to installers provided there were control of the accuracy, storage and use of their equipment.

We recommend that the Secretary of State be required to decide within three years of the start of self-verification system, after consultation, whether other repairers should be included.

Government response: accepted in part

In line with its policy of removing technical barriers to trade wherever possible, the Government intends to make the scheme available to foreign manufacturers on the same basis as to UK manufacturers. The Government, however, sees no reason why the scheme should be restricted initially to manufacturers. Any firm which can demonstrate that it is capable of satisfying the stringent standards which will be required should be allowed to take part in the scheme. The Government does accept that the schemes for manufacturers, installers and repairers will be somewhat different in character.

Recommendation 15

We recommend that notwithstanding the introduction of self-verification, testing and stamping by a local authority inspector be retained in appropriate circumstances.

Government response: accepted

While the scheme is an optional one, firms which have not been accredited to self-verify will get their equipment stamped by the inspector in the traditional manner. If self-verification eventually becomes a mandatory requirement, there will be no need for this in normal circumstances. However, the power will be retained so that an organisation whose accreditation has been withdrawn as a result of a serious breach of the conditions of the scheme (set out in the response to Recommendation 9) can still get its equipment onto the market.

Recommendation 16

We recommend that greater use be made of the powers in s.14 of the 1963 Act to make regulations governing "the purposes for which particular types of weighing or measuring equipment may be used for trade" and "the manner of erection or use of weighing or measuring equipment used for trade".

Government response: accepted

The report recognises that there is already a trend in this direction. As regulations are revised, due attention will continue to be paid to this point. In line with Government policy, the aim will be to impose the minimum restrictions consistent with fair trading.

Recommendation 17

We recommend that the use of batch sampling techniques for initial verification be extended.

Government response: accepted

Batch sampling for measures of length has recently been introduced under EC regulations. The Government has also proposed permitting batch sampling for beer glasses and will keep in mind other candidates as regulations are revised and discussions are pursued in international fora. Only mass-produced items from a well-controlled manufacturing process with the expectation of a very high degree of uniformity would be suitable.

Recommendation 18

We recommend that there be a statutory duty for local authorities to inspect equipment in use for trade at reasonable intervals. The

intervals should be reviewed, taking into account the complexity of equipment, its manner and intensity of use and its environment, and should be published in Codes of Practice following consultation with interested parties.

Government response: accepted

The report recognises the need for a regular check on the condition and operation of equipment in service to complement the new opportunities for industry to self-verify its products.

The Government does not believe that it is necessary or desirable to specify fixed intervals by statute. Local authorities must retain discretion to order their priorities as available resources permit. However, a Code of Practice would encourage uniformity and the local authorities will be asked to draw one up as a matter of priority.

The Government has considered and rejected an alternative proposal for an industry-run inspection scheme, financed by a licence fee payable by users. This would be inefficient since inspectors can check adherence to other consumer legislation on the same visit as inspecting weighing and measuring equipment. Furthermore it would apply pressure on users to accept service contracts from manufacturers or repairers and thus constitute a backdoor burden on business.

Recommendation 19

We recommend that evidence of inspection be provided, where appropriate, by a secure adhesive label applied when the equipment is first verified, and subsequently replaced when the equipment is inspected by the local authority inspector. The label should be readily visible to all users of the equipment, and should carry a prominent date mark to enable validity to be readily seen. The use of colours for different years could also be considered.

Government response: not accepted

Equipment will have to be identified and dated by the manufacturer/ installer for the purpose of production control. The provision of an additional adhesive label would serve no regulatory purpose, but would perhaps indicate to informed members of the public the existence of an inspectorate and when the particular equipment was last tested. The value of this latter information is doubtful for the important issue is not when the equipment was last tested, but whether it is still accurate. Additional negative factors are the cost of providing the labels, and the difficulty of ensuring that such labels are properly secured (although there is no recommendation for a penalty in default) in all manner of trading conditions.

Recommendation 20

We recommend that all the present powers of weights and measures inspectors as defined in the 1963 Act (as amended by the 1979 Act) remain. It may be necessary to give inspectors additional powers in connection with their duties to undertake the quality audit of organisations.

Government response: accepted

Powers to allow inspectors to test and stamp prescribed equipment in use for trade must remain, at least until the Secretary of State has reviewed the working of self verification after three years, to deal with that sector of the trade which will continue to operate outside the proposed self-verification arrangements. Even if the self verification scheme becomes mandatory, it will still be necessary to retain existing powers to deal with those whose authority to self verify is withdrawn (see Response to Recommendation 15). Additional powers would be necessary to permit inspectors to check the quality of production by those manufacturers/installers/repairers who are verifying their own products and for other purposes discussed above.

Recommendation 21

We recommend that steps be taken to prevent the deliberate adjustment of equipment within its permitted measurement tolerances

to bias the average error in one direction known as exploitation of the tolerance.

Government response: accepted in prinicple

This problem arose in the context of petrol pumps and has been solved by reducing the tolerances which apply at the time of verification. There is no evidence that there is a similar problem with any other type of equipment. The Government will not hesitate to take appropriate measures if such a problem arises in future. The Government's policy is to harmonize measurement tolerances with international standards. It is expected that they will be reviewed from time to time in line with technological progress.

Recommendation 22

We recommend implementation of s.19 of the 1979 Act on the measurement of beer or cider.

Government reponse: premature to accept or reject.

The Government remains strongly in favour of a self-regulatory solution to the issue of serving a fair measure of beer. Such a solution is being explored at present and the implementation of this measure (now S.43 of the 1985 Act) will not be considered while that remains a good possibility.

Recommendation 23

We recommend that the whole field of measurement be reviewed to establish a rational approach to legal control; the weights and measures acts cover only part of the field.

Government response: accepted

Control of measuring instruments is the responsibility of a number of Government Departments and public bodies. There are very good reasons for this and different methods of control are appropriate in different cases. These are being reviewed to ensure that there are no unjustifiable discrepancies between different areas and that best practice in one area can be copied, wherever appropriate, in others. Major reallocations of responsibility for enforcement are not expected to result from the review.

Recommendation 24

We recommend that the types of equipment prescribed under the 1963 Act be reviewed to identify candidates for addition or deletion.

Government response: accepted

The Government is fully committed to reducing Burdens on Business and believes that the requirement for testing and stamping should

only be imposed whenever essential. However, it recognises that many organisations find prescription helpful and would suffer increased burdens, on balance, by its removal. The Government believes that it will be possible in some areas for manufacturers and users to agree a specification for performance and standards of quality based on BS 5750 and existing equipment specifications. The Government is keen to explore and encourage such opportunities and to deprescribe wherever such voluntary methods of regulation are sufficient to guarantee fair trading. Regular calibration by a NAMAS-accredited laboratory is another possible alternative to prescription which the Government will consider. No changes will be made without consultation and a careful assessment of the costs and benefits.

The Government is aware of some instances where controls on equipment have been superseded by other protective measures and are no longer relevant (Egg-grading machines give the best known example). Such double burdens will be removed.

Implementation

The Department of Trade and Industry has already started to implement those recommendations on pattern approval procedures which do not require a change in the law. Other recommendations can be implemented by administrative action or statutory instrument, following any necessary consultation on detail. However, several of the recommendations, notably the introduction of a self-verification scheme, do require new primary legislation. The Government will bring this forward as soon as possible. In the meantime, NWML will work out detailed proposals where necessary and consult interested parties as in the Table overleaf.

IMPLEMENTATION TIMETABLE

Recommendation	Consultation planned	Implementation by
1		None necessary
2-3	Some changes already implemented. Other proposals are under discussion with trade associations and inspectors	October 1986
4	Prepare proposals for discussion with trade associations	Mid-1987
5	None	Will require new W&M Act
6		September 1986
7	Prepare proposals for discussion with trade associations and inspectors by September 1986	Introduce voluntary procedure during 1987. Statutory basis will require new W&M Act
8-14	Prepare proposals for discussion with all interested parties by September 1986	Will require new W&M Act
15		None necessary
16		As and when
17	Revised Beer glass regulations are undergoing consultation	Beer glass regulations introduced late 1986 Others - as and when
18	Local authorities will be asked to draw up a code of Practice, consulting as necessary.	As a matter of priority
19		None necessary
20	In association with discussion on relevant proposals above	As for relevant proposals
21		As and when

IMPLEMENTATION TIMETABLE

Recommendation	Consultation planned	Implementation by
22	None	Depends on success of proposals for self-regulation
23	Review in progress. Should be completed by September 1986	Not yet determined
24	Prepare proposals for discussion with all interested parties by September 1986	Not yet determined

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CONFIDENTIAL

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10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

CONFIDENTIALITY OF NORMAL VETTING (NV)

I have shown the Prime Minister your minute of 5 June in which you seek her approval to the use of the briefing attached to your minute in the event of questions being asked about the reference to the NV procedure in the Touche Ross report.

The Prime Minister is content for the briefing to be used should it prove necessary. She is also content for you to pursue the question of discussions with the Select Committee on Defence in the way that you suggest in your minute.

N.L. Wicks

6 June 1986

CONFIDENTIAL

Prime Minister

Content with the briefing attached?

N.L.W
6.6.

Ref. A086/1634

PRIME MINISTER

Confidentiality of Normal Vetting (NV)

The Ministry of Defence have brought to my attention a breach of security in reports prepared by management consultants, Touche Ross, of which you should be aware.

2. Touche Ross were commissioned to undertake a study in connection with the plans for privatisation of the Royal Dockyards at Devonport and Rosyth. Their Phase 2 reports on both dockyards contain paragraphs which refer explicitly to Normal Vetting (NV), the lower level security clearance procedure. Inter alia, the paragraphs allege, inaccurately as it happens, that all personnel working in each Dockyard require NV clearance.

3. This procedure, which involves checks with the Security Service and the Criminal Records Office (CRO) at New Scotland Yard, is not disclosed to the individuals vetted and is not publicly avowed - mainly because the police prefer to keep secret the fact that access to the CRO is permitted for this purpose. The author of the Touche Ross report is a former employee of the Ministry of Defence who was aware of the procedure but not of its sensitivity.

4. The Touche Ross reports, which are themselves classified RESTRICTED, have been distributed widely, including the House of Commons Select Committee on Defence, the trade unions and to companies involved in the tendering process. The fact that copies have gone to the Defence Select Committee is particularly unfortunate, given that following consultation with you in 1983 (my minute of 22 February 1983, Ref. A083/0624) I instructed the

SECABM

Ministry of Defence that officials giving evidence to the Select Committee should avoid disclosing the existence of NV, which they did during inquiries in both 1983 and 1984, though not without difficulty.

5. On being advised of the breach I first explored with the Ministry of Defence the possibility of recalling the reports and deleting the relevant passages since some, at least, of the information is incorrect. We came to the conclusion that to do this would simply have had the effect of drawing attention to passages which might otherwise go unnoticed in reports some five inches thick.

6. The alternative was to do nothing. The reports were circulated in November last, over six months ago. It would not be unreasonable, I think, to be cautiously hopeful that the danger of the breach being noticed may have passed. In the meantime the Ministry of Defence have been preparing defensive briefing against the possibility of such a breach. A copy of
--- this is attached.

7. If, as a result of a breach, it became necessary to discuss NV with the Defence Committee, I should need to consider with those concerned how best to deal with the inevitable questions. At the very least, I believe that any discussion should be in closed session and that, even in those circumstances, there should be no reference to the role of the police, who have co-operated with the arrangements for using their records for security purposes on the understanding that the practice would remain confidential. As I have indicated, this is one of the main reasons for the covertness of the NV process which I believe we should try to retain.

8. I should be glad to know whether you would be content for the attached briefing to be used in the event of questions being asked about the reports produced by Touche Ross and, should it

SECABM

become necessary, for me to pursue the question of discussions with the Select Committee along the lines I have suggested above.

RTA

ROBERT ARMSTRONG

5 June 1986

Q1. Questions about vetting and enquiries generally which do not refer to the NV procedure as such.

Answer. All prospective employees' references are taken up and information provided by the candidates on their application forms is verified and enlarged upon as necessary to establish their bona fides and suitability for the particular appointment for which they are being recruited.

Q2. As for Q1, but with special reference to persons with Irish connections.

Answer. As in the case of all prospective employees, references are taken up and information provided by candidates on their application forms is verified and enlarged upon as necessary to establish their bona-fides and suitability for the particular appointment for which they are being recruited. I cannot confirm what enquiries may be made as the depth of such enquiries will depend, as in any management consideration of a recruit, on the particular circumstances and requirements of the case in question.

Q3. Questions about MOD procedures for vetting employees of Defence Contractors engaged on classified work.

Answer. The MOD is not involved in the recruitment or selection

staff engaged by defence contractors. However, defence contractors are contractually obliged to seek the prior approval of the MOD before allowing any employee access to classified material or sensitive areas and the MOD must satisfy itself that those employees are suitable persons to have such access.

Q4. Questions about MOD procedures for satisfying itself that an individual is a suitable person to have access to classified material.

Answer. If the material is of a highly secret nature Positive Vetting procedures are implemented. These procedures consist of checks against records and a full field investigation which includes interviews with the subject, supervisors, referees and previous employers. For access to less sensitive information a more limited range of checks is made.

Q5. Questions (which may arise as supplementaries to answers 1, 2 and 4 above) about checks against the NIB and Security Service records.

↑ The National Identification Bureau (formerly the Criminal Records Office)

Answer. Enquiries are made as necessary to check references and verify the information given by candidates for employment or their employers in their applications for employment. [If pressed: it is not in the national interest to publish details of security procedures.]

Q6. Is it true that all personnel working in the Dockyards require normal vetting clearance?

Answer No. [In respect of the Devonport Dockyard it is untrue to say that all personnel require NV clearance]

Q7. What then is the "normal vetting" referred to in the reports by Touche Ross?

Answer For the purposes of establishing the suitability of an individual to be employed on work which affords access to sensitive information, but which does not call for the full PV procedure, normal managerial enquiries such as the taking up of references and verification of information, are made.

349/26

Told content
NR 20/5.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 5109

Miss N Roche
10 Downing Street
LONDON
SW1

20 May 1986

Dear Nicky,

TREASURY MINUTE REPLYING TO THE TWELFTH TO FOURTEENTH AND SIXTEENTH TO EIGHTEENTH REPORTS OF THE PUBLIC ACCOUNTS COMMITTEE, 1985-86

The Treasury wishes to publish as a Command Paper a Treasury Minute in response to the Public Accounts Committee's 12th - 14th and 16th - 18th Reports 1985-86, (the 15th Report relates solely to Northern Ireland matters). The text has been agreed between the Treasury and the Departments to whom the PAC reports were addressed; and approved by the Financial Secretary who has agreed to the Treasury Minute being published in his name.

We suggest therefore that we publish the Treasury Minute at 3.30pm on Wednesday 4 June having laid it before Parliament on the previous day.

We should, as usual, supply copies of the Treasury Minute just before publication to the departments who have contributed to the reply, to PAC members to the C&AG and the Lobby.

I doubt that the Treasury Minute will attract much attention. It is not controversial and there are no particularly newsworthy features. I attach for information a list of the reports dealt with in the Minute with a brief description of the subject matter.

May we have your agreement to proceed with these arrangements.

I am sending a copy of this to Murdo Maclean, David Morris and Bernard Ingham.

Colin Hutson

C A HUTSON
Assistant Parliamentary Clerk

PAC Reports Covered by the Treasury Minute

Twelfth Report: Ministry of Agriculture

The Common Agricultural Policy: achievements and problems

Requests the Ministry to press for closer control of CAP spending and take steps to restrain surplus production

Thirteenth Report: H M Treasury

Excess Votes

To be noted

Fourteenth Report: DHSS, Scottish Home and Health Department and Welsh Office

Control of Nursing Manpower

Requires the Departments to seek to have available the information to say whether too few or too many nurses are employed. Recommends that the Departments should limit the number of methodologies for determining nurse numbers. Overall there is scope for more efficient and deployment of nurses

Sixteenth Report: Department of the Environment

Housing Association Grant

Recommends that the DOE do more to establish the effectiveness of HAG

Seventeenth Report: Manpower Services Commission

Vocational Education and Training

Recommends that the two year YTS should be more related to the current and future training needs of industry

Eighteenth Report: Ministry of Defence

Supplies for the Armed Forces

Concern that studies to lead to improvements in stores control have been ineffective and that CRSP ties MOD to contractors and reduces competition and MOD should consider alternatives.

PRIME MINISTER

PRIVILEGES COMMITTEE

I was asked by the Sunday Lobby how you were to vote on the Privileges Committee report next week.

I said I did not know. The Government intended there to be a free vote.

However, my impression was that Cabinet Ministers were essentially libertarian - which they would interpret as being in practice as well as in principle in favour of a free press; as recognising that a reporter was in the business of disclosure; and that responsibility lay with the leaker.

I think the Lobby will see you as being on the side of the angels. I hope they will not use it to widen the alleged split between you and John Biffen (I gave them no reason to do so).

Particular interest will however be taken in your vote if you do vote. My hope would be that, notwithstanding the hour,* you would find it possible to vote, if only to ensure against a hostile media.

BERNARD INGHAM
16 May 1986

* Very late - maybe around 1.00 pm (and there will be a vote on the NIREX SIOS about the same time, the next day)

→ Mr F Yeale

1

PG

N.L.W.
9.5

1. MR. WICKS
2. PRIME MINISTER

REPORT OF THE PRIVILEGES COMMITTEE

The Cabinet asked the Lord President to consider in the first instance with appropriate colleagues how the Government should approach the report of the Privilege Committee which recommended the banning of a Times reporter for six months from the Palace of Westminster. The Chief Whip has been thinking about how the Government should play this. His preliminary thoughts are that the best approach would be to distance the Government from the report by placing it in a wider context of the conduct of select committees and the use of privilege by members themselves. He has identified two particular issues:

(i) The fact that select committees have no power at present to conduct their deliberations (as opposed to their evidence sessions) in public. This encourages the kind of cabalistic approach which was so typical during Westland. The aim should be to so change the rules governing the operations of select committees as to give them the power to deliberate in public and therefore to make it more difficult for them to adopt a consensus approach. At present Chairmen of select committees view them as power bases; Opposition members make the running; Government members do not feel obliged to defend the Government; and the clerks exercise excessive power. If they were to sit in public all these tendencies should be reduced.

(ii) There should be another look at the way in which privilege is used by individual members to attack outsiders. Recent events, e.g. Brian Sedgemore's speeches and allegations, have raised the question of

the responsible use of privilege and the report of the select committee might be a useful vehicle to prompt a reassessment. One possibility would be to require that attacks of the kind in which Brian Sedgemore specialises should, as with judges, only be in order if embodied in a substantive motion. This would give the chair far more control over the language used (although, of course, it would still require the chair to be willing to rule out of order offensive remarks made on the floor of the House).

If you and colleagues agree with the general drift of what the Chief is proposing the Lord Privy Seal might float some of these ideas in his speech. The theme of this speech might therefore be, rather than the need to punish the Times, the need to work out new rules for applying Parliamentary privilege given the new problems identified in recent months. If the Lord Privy Seal were to take such a line it would be considerably easier for Government members to support or at least not to oppose a motion from a backbencher (the Chief Whip has in mind Sir Eldon Griffiths) proposing that the suspension of the Times reporter should be limited to one week. This would also have the merit of opening up a number of areas of debate especially on select committees that the Government would wish to see opened up.

Do you agree in principle with the approach which the Chief Whip is suggesting? – Very good

Yes

(Timothy Flesher)

9 May 1986

DCABEN

cc: Lord President
Mr Wicks

CHIEF WHIP

PRIVILEGES COMMITTEE - THE TIMES

I am told that the Committee of Privileges is recommending that The Times' representation should be reduced from 4 to 3, and that Richard Evans, Lobby Reporter, should be barred from the precincts of the House, both for a period of six months. All this on account of a leak to Evans from the Environment Committee.

Murdo Maclean informed me today that the recommendations would be the subject of a free vote.

This note sets out the Government's presentational interest in this matter. In my view the Government should not:

1. impede journalistic enterprise; it can't espouse the cause of free enterprise and then stifle it when free journalistic enterprise operates;

2. act in restraint of the trade of either The Times or an individual journalist - in this case Richard Evans - simply because they have done what they are in business to do: ie disclose information, however inconvenient that information is to Parliament.

3. victimise a man who appeared uncompromisingly before them; I do not know what demeanour Richard Evans adopted before the Committee but I admire his refusal to disclose his sources (if only there were more like him!) and his refusal to allow the Committee to indulge in salami tactics (in asking Evans to rule out a Committee Clerk as a source);

4. interfere (as it will be seen) with the freedom of the press, especially in the manner proposed; if the Government were to back the report its moral authority over the Labour Party in banning Wapping journalists would be entirely eradicated.

In short, the Committee of Privileges has set a trap for the Government. Instead the Government might reasonably:

- deplore the leak of the Environment Committee's reports

- record that there is no evidence whatsoever of malpractice on the part of The Times or Richard Evans - ie there is no evidence they came by their information dishonestly (stolen document, bribery etc)

- emphasise that the fault apparently lies entirely with the leaker since newspapers are unashamedly in the business of reporting news

- distance itself from the recommendations by adding that in the light of the report the Government has no view to offer on the recommendations which are entirely a matter for the House.

To do other than this is to place at risk the Government's relations with the media in the run-up to a General Election.

BERNARD INGHAM
7 May 1986

1. MR. WICKS
2. PRIME MINISTER

REPORT OF THE PRIVILEGES COMMITTEE

Attached is the Report of the Committee of Privileges into the leak of the draft Report of the Environment Committee on Radioactive Waste. This is being published tomorrow (Thursday) morning.

The background to this is that The Times published on 16 December 1985 extracts from and an account of the draft Report prepared by the Chairman of the Select Committee on the Environment on Nuclear Waste. This was under the headline "MPs attack nuclear industry". The Committee had not had an opportunity to see the Report. Subsequently the matter was referred to the Committee of Privileges.

The Committee failed to find the source of the leak. They have recommended however that Richard Evans, The Times lobby reporter who wrote the story, should be barred from the House for six months and that The Times' representation in the lobby should be reduced from four to three for the same period.

The Committee was surprisingly united in this Report. Indeed only Tony Benn voted against the Report and such unusual figures as Ian Mikardo, Merlyn Rees, Peter Shore and David Steel all voted in favour of it. The next step is for the Report to be placed before the House which, I gather, is likely to be on Tuesday week.

The Report is likely to provoke a great deal of controversy and Bernard feels very strongly that it is wholly mistaken - his minute saying so is attached. It is a rather odd principle that a journalist should be punished and the

leaker should go free (even if he is anonymous). I imagine the Committee's view was that the lobby system is a privilege granted to journalists by Parliament and those who abuse it should have that privilege removed.

The Report will of course, as a matter for the House of Commons, be the subject of a free vote in the House. But, however cogent Bernard's arguments, Government members must be seen to vote in favour of the Report given that the Lord Privy Seal is the Chairman and the Attorney General is a member. Presumably the Labour Party Front Bench will also vote in favour given the presence on the Committee of Peter Shore and John Morris.

You may wish to report the handling of the debate to a smaller group such as the Monday gathering.

W

(Tim Flesher)

7 May 1986

DCABEK

PROOF

FIRST REPORT

FROM THE

COMMITTEE OF PRIVILEGES

Session 1985–86

LEAK OF DRAFT REPORT OF ENVIRONMENT COMMITTEE ON RADIOACTIVE WASTE

Report, together with Proceedings of the Committee, Minutes of Evidence, and Appendix

Ordered by The House of Commons *to be printed*
1 May 1986

LONDON
HER MAJESTY'S STATIONERY OFFICE
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376

Wednesday 20*th June* 1984

Ordered, That Mr Julian Amery, Mr Attorney General, Mr Tony Benn, Mr John Biffen, Sir Bernard Braine, Sir Paul Bryan, Mr Edward du Cann, Sir Philip Goodhart, Mr Gregor MacKenzie, Mr Ian Mikardo, Mr John Morris, Mrs Sally Oppenheim, Mr Merlyn Rees, Mr Geoffrey Rippon, Mr Peter Shore, Mr David Steel, and Mr Peter Thomas, be members of the Committee of Privilieges.

The cost of printing and publishing this Report is estimated by Her Majesty's Stationery Office at £.
The cost of preparing for publication the shorthand Minutes of Evidence taken before the Committee was £243.42.

FIRST REPORT

LEAK OF DRAFT REPORT OF ENVIRONMENT COMMITTEE ON RADIOACTIVE WASTE

The Committee of Privileges, to which stood referred, pursuant to the Resolution [18th March], the Second Special Report of the Environment Committees (House of Commons Paper No. 211), has agreed the following Report:

INTRODUCTION

1. On 18th March the House gave effect, from the beginning of this Session, to Your Committee's recommendation that a special report from a select committee stating that a leak of its proceedings had caused substantial interference should automatically stand referred to Your Committee.[1] The Second Special Report from the Environment Committee concluded that an account of the Chairman's draft report on radioactive waste published in *The Times* newspaper on 16th December 1985 was the result of someone leaking a copy to the author, and had caused serious interference with the work of the Committee.[2] Accordingly this Special Report stood referred to Your Committee.

2. Before considering the substance of the matter referred to it, Your Committee notes the acceptance by the Liaison Committee and the select committees of other recommendations made by Your Committee designed to reduce the number of original leaks.[3] It welcomes the steps taken by the Environment Committee to discover the source of the leak and in particular the fact that all members of the committee were asked to give a formal written assurance that they were not responsible for the leak, which assurances were published. Similar assurances were given by all the staff concerned.[4] Your Committee trusts that these steps will help to induce, in the minds of all concerned, a greater sense of responsibility regarding the confidential nature of some committee proceedings. The fact that formal assurances will be required in such cases in future will serve as a reminder that the rules of the House in this matter cannot be lightly disregarded; anyone who is later found to have made a false statement will have committed a grave offence meriting severe penalty.

THE SOURCE OF THE LEAK

3. The publication in *The Times* of the account of the Chairman of the Environment Committee's draft report was undoubtedly based on a leak (Q1), and this was not denied by the author. Unfortunately, however, the thorough investigation carried out by the Environment Committee to identify the original source of the leak was not successful; whoever was responsible has not admitted his complicity and his identity remains unknown (Q7). As is customary, the journalist concerned has refused to disclose his source; he was not even willing to exclude any category of person, such as the staff of the committee (Q32-34 and Appendix). Your Committee does not believe it would be profitable to carry out any further investigations on these lines.

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[1]Second Report from the Committee of Privileges, Session 1984-85 (HC 555), Summary of Conclusions and Recommendations, para. 14(iv).

[2]HC 211 (1985-86), paras. 2 and 17

[3]HC Deb. 6th February 1986, col. 206 w.; ibid, 10th March 1986, col. 763

[4]HC 211 (1985-86) paras. 7-11 and Annexes C and D

THE DAMAGE DONE

4. Your Committee described in its Second Report last Session the evidence given by chairmen of select committees and others regarding the damage that could be done by leaks of draft reports.[5] These generalised assessments remain important, particularly regarding the damage that a leak in one case can do to the select committee system as a whole, but difficult to quantify and to some extent hypothetical. Here Your Committee was able to consider the actual damage done in a specific case.

5. The Environment Committee itself summarised the effect of the leak in this instance as constituting "a serious interference with the work of the committee"; the suspicion that, despite the assurances received, a member of the committee had leaked ~~to~~ the draft report was bound to "damage the trust that needs to exist" within a committee if it is to work effectively; premature disclosure of parts of a draft report was also bound to influence discussion of those parts when the report came to be considered; and for these reasons the committee had even considered abandoning its inquiry and report.[6]

6. These assessments were amplified by Sir Hugh Rossi, the Chairman of the Environment Committee, in oral evidence. Apart from anything else the publication of the leak in *The Times* had delayed by several weeks the consideration of the draft report (Q1).[7] More seriously, the fact that so much of the report was leaked before it was even discussed, had made members of the committee feel "they were no longer free to approach the draft report in the impartial non-partisan way in which it had been the practice in our committee to approach matters of this kind" (Q1); "party political considerations, which we had so far avoided, began to creep into the matter" (Q2); one Member had said that those who disagreed with the original draft were put at a "major disadvantage" and discussion concentrated on how the press interpreted the changes in the report, rather than on their merits (Q2); some members felt constrained in proposing changes (Q3); and members became affected by "the public expectation as to what they ought to be seen to be doing" (Q10). However Sir Hugh could not be certain about the actual effect of this modified approach on the contents of his report or on what changes would have been made to it in a different atmosphere (Q4, 6).

7. One damaging consequence of the leak was, however, certain. The draft report was, in the end, amended in a number of important respects, with the result that "the original newspaper report was in fact inaccurate insofar as it purported to be a report of the conclusions which the committee had reached" and a great deal of misinformation resulted (Q1); this continued in circulation for several weeks; and even when the final report was published some commentators appeared to be relying on the earlier leak instead of the actual text. Sir Hugh gave two examples of such inaccuracies (Q6). On the other hand some advance publicity could be helpful (Q9).

8. Finally Sir Hugh confirmed that the "feeling of mistrust as to what we can discuss freely amongst ourselves" still lingered on (Q8). He also emphasised the need to nurture the development of the new select committees with care; the

[5]HC 555 (1984-85) paras. 34-36
[6]HC 211 (1985-86) para. 17
[7]ibid, para. 3

approach of Members on these committees was different from their party-political approach elsewhere, and much depended on their work being seen to be impartial; to this end "perhaps it is necessary at times that we can talk in a way that we perhaps cannot talk when we are on our hind legs on a public platform or in the Chamber" (Q5).

9. Mr. Charles Wilson, the Editor of *The Times* and Mr. Richard Evans, who was the author of the article published on 16th December 1985, which disclosed the contents of the Chairman's draft report[8] were also called to give evidence. They saw no damage resulting from the publication of the draft report, but rather an advantage to the public interest by a widening of the public debate on the nuclear industry at an earlier date (Q17, 21); the final report was not, they claimed, so very different from the draft that was leaked (Q28).

10. Your Committee cannot assess precisely the extent of the damage actually done by the leak of this draft report, and in particular the degree to which the agreed report itself would have been different if there had been no leak. It is convinced, however, by the evidence of the Committee's Chairman that damage was done on this occasion, and the direct denial of this by the journalists, whose opinion on this matter cannot possibly be as authoritative as that of the Committee's Chairman, was in no way substantiated. This damage amounted to substantial interference with the work of this particular committee. Every leak of this kind is also a further threat to the effective operation of other committees.

THE CONTEMPT COMMITTED

11. For the reasons set out in paragraphs 5 to 8 of Your Committee's Second Report of last Session, it is a contempt of the House to disclose the proceedings of select committees before they are reported to the House. The House's resolution of 6th February 1978 showed that it would treat seriously any contempt involving "substantial interference" with the work of the House or its committees.[9] Your Committee has found such interference in this case and accordingly finds that a serious contempt was committed by whoever enabled *The Times* to obtain a copy of the draft Report of the Chairman of the Environment Committee, by the journalist who wrote the article and by the Editor of *The Times* who published it.

THE CONDUCT OF THE PERSON WHO WAS THE SOURCE OF THE LEAK

12. In the opinion of Your Committee the person responsible for the original leak, whether a Member, one of his staff or one of the staff of the committee, whatever his motive, and whatever the means employed, did something that would merit penalties imposed by the House. But because he has not been identified, Your Committee can make no recommendation. It simply expresses once again its dismay that there are Members or others who apparently have no respect for the traditions and rules of the House, who are prepared to betray the trust of those with whom they work on select committees, and who continue to do things which clearly damage the effective operation of those committees. If the person responsible for this case is ever identified, he should be severely punished.

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[8] see HC 211 (1985-86) para. 2 and Annex A

[9] CJ (1977–78) 170; HC417 (1976–77)

THE CONDUCT OF THE JOURNALISTS

13. The Editor of *The Times* and the Lobby reporter knew they were committing a breach of privilege in publishing the article (Q11). They defended their decision on three grounds.

14. First, they argued that publication was in the public interest and this was paramount (Q12); "the public interest in this case far outweighed other considerations", including any embarrassment to the committee or its work or to Parliament, said Mr Wilson (Q14); publication had widened the public debate on the conduct of the nuclear industry (Q17) and this could have been relevant to decisions being taken within the industry (Q21).

15. Secondly, the journalists contended that the rules of privilege in this matter were "out of date" and had fallen into disrepute (Q13); they had not been enforced against other publishers of leaks and they could not see why they should be in this case (Q13, 16, 18, 41), especially as similar rules, Mr Evans claimed, did not apply to leaks of cabinet proceedings or other government reports (Q16, 18, 21, 29).

16. Thirdly, they emphasised that they had taken the decision to publish responsibly, because of the public interest, and that they were not simply showing disrespect for Parliament. They informed Your Committee that they had also received a leaked copy of the Second Special Report from the Environment Committee, and Mr Evans had written a story about this, but the Editor had decided not to publish it; it was not in the public interest and they did not want to be seen "thumbing a nose at Parliament" (Q18, 21). The Editor indicated that in certain previous cases of leaks published in *The Times Diary*, if he had then been Editor he might also have considered it unnecessary to publish (Q43, 44). In their view the real culprit in all these cases was the original source, not the publisher (Q19).

17. Mr Evans also stated that he had never offered money or other reward for the information he was given (Q37).

18. Your Committee is not convinced by the explanations given by the journalists for their conduct. Although they claimed "public interest" they were unable to show how it could be in the public interest to give currency to a draft—which would almost certainly be amended and therefore gave an inaccurate account of the committee's views—when the agreed and accurate report would soon be available; the public debate might be stimulated, but on false premises. Indeed, on the question of timing, Mr Evans was candid: "if we waited two weeks another newspaper might get hold of it" (Q15). The interests of *The Times*, it seems to Your Committee, were now being equated with "the public interest" which *The Times* journalists had been claiming to uphold.

19. The defence that the privilege rules are inapplicable and obsolete is not well judged. Whatever may have been claimed before Your Committee's report last year, when all these arguments were examined carefully, it can no longer be claimed today. Your Committee reaffirmed then that privilege rules should still be applied in serious cases of leaks from select committees; it indicated the sort of cases it had in mind (including cases like the one now before it); and it even made

plain the penalties it considered appropriate in such cases.[10] *The Times* decision to commit a contempt in this case was taken in open defiance of a very recent, considered, warning and not just of some obsolete rule.

20. ~~Thirdly,~~ although welcoming the assurance by the Editor of *The Times* that decisions to breach privilege by publishing leaks were not taken lightly or irresponsibly, Your Committee doubts whether *The Times* has given sufficient (or indeed any) weight to the damage that such publication can do and has done to select committee work, despite the rehearsal of all these arguments in evidence before Your Committee last year.[11] Beyond saying that the public interest outweighed such damage—which they dismissed as merely "embarrassment" (Q14)—the journalists made no attempt to deal with these arguments. They did not seem to appreciate the fact that their publication of the leak interfered in any way with the committee's work; and they ignored completely the public interest of avoiding such damage.

21. For all these reasons your Committee does not accept that the publication of the leaked copy of the Chairman's draft report to the Environment Committee was justified by public interest or any other consideration. Contined and repeated publications of this kind can only threaten the work of all select committees and hence of Parliament.

22. Whatever may be the responsibility of the original source, those who publish leaks must bear a heavy responsibility because it is the act of publication which actually causes the damage. Your Committee particularly regrets that a Lobby reporter should continue to act in defiance of the House in this way, because he and his colleagues are granted many privileges by the House to help them in their work, and because they have often shown their support in other ways for the select committee system, which gives them much information.

RECOMMENDATIONS REGARDING PENALTIES

23. Your Committee turns to consider the penalties appropriate ~~to~~ this case following the guidelines it set down last session.[12]

24. Your Committee cannot recommend any penalty in respect of the original source of the leak, as he has not so far been identified (paragraph 3), but, for the reasons stated in paragraph 12, it strongly condemns this behaviour.

25. Your Committee believes that Mr. Richard Evans, the Lobby reporter of *The Times,* has shown scant respect for the traditions and rules of the House in this matter. He has openly drawn attention to the leaks he has publicised and he has committed breaches of privilege in this way on a number of occasions (Q20). Your Committee has found that he was in contempt of the House in this case (paragraph 11). It therefore recommends that he be suspended from the Lobby for six months and excluded from the precincts of the House for that purpose and for that period.

26. The Editor of *The Times* must bear a major share of responsibility for this serious contempt of the House. The practice of publishing leaks from select committees has clearly been the policy of his newspaper, and the newspaper itself should not be allowed to continue its work in the Palace of Westminster without suffering some restriction as a result of this policy. Your Committee therefore recommends that the number of Lobby passes issued to *The Times* newspaper be reduced by one for six months.

1st May 1986

[10] HC555 (1984–85), paras. 51–56
[11] ibid, paras. 32–36
[12] ~~HC 555 (1984–85),~~ para. 56

PROCEEDINGS OF THE COMMITTEE

TUESDAY 15 APRIL 1986

Members present:

Mr John Biffen, in the Chair

Mr Julian Amery
Mr Attorney-General
Sir Bernard Braine
Sir Paul Bryan
Sir Philip Goodhart
Mr Gregor Mackenzie
Mr Ian Mikardo
Mr John Morris
Mrs Sally Oppenheim
Mr Peter Shore

Sir Hugh Rossi, a Member of the House, was examined.

Mr Charles Wilson, Editor of *The Times*, and Mr Richard Evans, Lobby Reporter of *The Times*, were called in and examined.

The Committee deliberated.

[Adjourned till Thursday, 1 May, at Six o'clock.]

THURSDAY 1 MAY 1986

Members present:

Mr John Biffen, in the Chair

Mr Julian Amery
Mr Tony Benn
Sir Bernard Braine
Sir Edward du Cann
Sir Philip Goodhart
Mr Gregor Mackenzie
Mr Ian Mikardo
Mr John Morris
Mrs Sally Oppenheim
Mr Merlyn Rees
Mr Geoffrey Rippon
Mr Peter Shore

Draft Report (Leak of Draft Report of Environment Committee on Radioactive Waste), proposed by the Chairman, brought up and read.

Ordered, That the Report be read a second time, paragraph by paragraph.

Paragraphs 1 and 2 read and agreed to.

Paragraph 3 read, amended, and agreed to.

Paragraphs 4 to 9 read and agreed to.

Paragraph 10 read, as follows:

"10. Your committee cannot assess precisely the extent of the damage actually done by the leak of this draft report, and in particular the degree to which the agreed report itself would have been different if there had been no leak. It is convinced, however, by the evidence of the Committee's Chairman that damage was done on this occasion, and the direct denial of this by the journalists was in no way substantiated. This damage amounted to substantial interference with the work of this particular committee. Every leak of this kind is also a further threat to the effective operation of other committees."

An Amendment made.

Question put, That the paragraph, as amended, stand part of the Report.

The Committee divided.

Ayes, 11
Mr Julian Amery
Sir Bernard Braine
Sir Edward du Cann
Sir Philip Goodhart
Mr Gregor Mackenzie
Mr Ian Mikardo
Mr John Morris
Mrs Sally Oppenheim
Mr Merlyn Rees
Mr Geoffrey Rippon
Mr Peter Shore

Noes, 1
Mr Tony Benn

Paragraph 11 read, as follows:

"11. For the reasons set out in paragraphs 5 to 8 of Your Committee's Second Report of last Session, it is a contempt of the House to disclose the proceedings of select committees before they are reported to the House. The House's resolution of 6th February 1978 showed that it would treat seriously any contempt involving "substantial interference" with the work of the House or its committees. Your Committee has found such interference in this case and accordingly finds that a serious contempt was committed by whoever enabled *The Times* to obtain a copy of the draft Report of the Chairman of the Environment Committee, by the journalist who wrote the article and by the Editor of *The Times* who published it."

Question put, That the paragraph stand part of the Report.

The Committee divided.

Ayes, 11
Mr Julian Amery
Sir Bernard Braine
Sir Edward Du Cann
Sir Philip Goodhart
Mr Gregor Mackenzie
Mr Ian Mikardo
Mr John Morris
Mrs Sally Oppenheim
Mr Merlyn Rees
Mr Geoffrey Rippon
Mr Peter Shore

Noes, 1
Mr Tony Benn

Paragraph 12 to 17 read and agreed to.

Paragraph 18 read, amended, and agreed to.

Paragraphs 19 and 20 agreed to.

Paragraph 21 read, as follows:

"21. For all these reasons Your Committee does not accept that the publication of the leaked copy of the Chairman's draft report to the Environment Committee was justified by public interest or any other consideration. Continued and repeated publications of this kind can only threaten the work of all select committees and hence of Parliament."

Question put, That the paragraph stand part of the Report.

The Committee divided.

Ayes, 11
Mr Julian Amery
Sir Bernard Braine
Sir Edward Du Cann
Sir Philip Goodhart
Mr Gregor Mackenzie
Mr Ian Mikardo
Mr John Morris
Mrs Sally Oppenheim
Mr Merlyn Rees
Mr Geoffrey Rippon
Mr Peter Shore

Noes, 1
Mr Tony Benn

Paragraph 22 read and agreed to.

Amendment proposed, to leave out paragraphs 23 to 26 and add—

"23. Having considered all the evidence submitted to it, and all the relevant factors your committee has concluded as follows:

1. There were no grounds on which the Environment Committtee could justify its decision to protect the confidentiality of its orginal draft report; and indeed it would have been in the Public interest if that report had been published when drafted, in exactly the same way as all legislation is published in draft, as Bills, for the consideration of the House and the public before decisions are made.

2. For these reasons Your Committee cannot recommend to the House that any action be taken against any person who published the draft before it was officially released, and would regard it as unwise for the House to use the provisions of Parliamentary Privilege to impose any penalty upon those who did so.

3. Your Committee also thinks it right to recommend, to the House, that all proceedings of Select Committees be exempted from any protection by Privilege, and that all such Select Committees be advised to conduct their business in open session and to make all their papers public when they are sent to Honourable members."— *(Mr Tony Benn)*

amendment to made.

Question put, That the ~~paragraph stand part of the Report~~.

The Committee divided.

Ayes, 1
Mr Tony Benn

Noes, 11
Mr Julian Amery
Sir Bernard Braine
Sir Edward Du Cann
Sir Philip Goodhart
Mr Gregor Mackenzie
Mr Ian Mikardo
Mr John Morris
Mrs Sally Oppenheim
Mr Merlyn Rees
Mr Geoffrey Rippon
Mr Peter Shore

Paragraph 23 read and agreed to.

Paragraph 24 read, amended, and agreed to.

Paragraph 25 read, amended, and agreed to.

Paragraph 26 read, amended, and agreed to.

Question put, That the Report, as amended, to the First Report of the Committee to the House.

The Committee divided.

Ayes, 11
Mr Julian Amery
Sir Bernard Braine
Sir Edward Du Cann
Sir Philip Goodhart
Mr Gregor Mackenzie
Mr Ian Mikardo
Mr John Morris
Mrs Sally Oppenheim
Mr Merlyn Rees
Mr Geoffrey Rippon
Mr Peter Shore

Noes, 1
Mr Tony Benn

Ordered, That the Chairman do make the Report to the House.

Ordered, That the Minutes of Evidence taken before the Committee, together with an Appendix, be reported to the House.

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Uncorrected

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MINUTES OF EVIDENCE TAKEN BEFORE THE COMMITTEE OF PRIVILEGES

TUESDAY 15 APRIL 1986

Members present:

Mr John Biffen, in the Chair

Mr Julian Amery
Mr Attorney-General
Sir Bernard Braine
Sir Paul Bryan
Sir Philip Goodhart
Mr Gregor Mackenzie
Mr Ian Mikardo
Mr John Morris
Mrs Sally Oppenheim
Mr Peter Shore

Examination of Witness

SIR HUGH ROSSI, a Member of the House, Chairman of the Environment Committee, examined.

Chairman

1. Sir Hugh, thank you very much for coming. I think it might be helpful to all Members of the Committee if you gave a very quick resumé of how we come to the present point in our consideration of the difficulties which have arisen on the draft report of the Environment Select Committee.

(Sir Hugh Rossi.) The matter is recited in the short report that we submitted to your Committee following the recommendations of your Committee as to new procedures.* Very briefly, what happened was this, that for a number of months during the summer recess and the early autumn a draft report based upon the evidence my Committee had received over the preceding nine months was being redrafted, honed and polished. Five or six different versions were prepared until I was satisfied that it was in a form I could submit to my Committee for consideration. Having reached that point, the final draft as approved by me was circulated to all Members of my Committee on 10 December of last year. Each page of each copy was marked "Confidential". However, on the very day on which we were to meet as a committee to discuss that final draft for the very first time there appeared in *The Times* a report, in which the reporter, Richard Evans, stated that a copy of the Committee's report was in his hands. His comments upon our report were such as to make us all believe that what he said was true, that in fact he did have a copy of the report and had received it before we had had an opportunity of considering it ourselves. That caused a great deal of disquiet amongst all Members of the Committee. We had been seeking to operate on the basis of trust between ourselves and immediately the suspicion arose in everybody's minds that perhaps some Member of the Committee had had some dealings with this particular reporter. In addition, it was felt by Members of the Committee that they were no longer free to approach the draft report in the impartial non-partisan way in which it had been the practice in our Committee to approach matters of this kind. Therefore, they felt that their actions and considerations were bound to be coloured by the fact that this matter had appeared in the Press in the way it had done. In consequence, we felt we were unable to proceed at that meeting with the consideration of the report. Indeed, there was a discussion between us as to whether or not we should abandon the nine months' work, and that feeling prevailed because it was felt it would be very, very difficult for us to adjudicate upon the matter in the way we would like. However, the decision was taken to allow the matter to rest over the Christmas recess. We approached the matter once again when the House resumed after the recess and decided to proceed with our consideration of the report. In fact we revised the draft report in a number of important respects, with the consequence that the original newspaper report was in fact inaccurate insofar as it purported to be a report of the conclusions which the Committee had reached. That in itself had some unfortunate repercussions, because it appears to be the practice amongst the media not necessarily to read a full committee report when it is published but to rely upon newspaper reports of that report, and in consequence a great deal of misinformation regarding our report resulted. If you are interested in that aspect of it, I can quote a number of instances where that occurred, but that is a summary of the situation.

2. That is a most helpful summary. I have one question to put before we go round the table. Can you indicate what actual and

*Second Special Report from the Environment Committee, 1985-86, HC.211.

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[Chairman *Contd.*]

specific damage was done to the work of the Committee? I do not mean "inconvenience" or "irritation". In what way did you feel your work could, as it were, identifiably be considered as having been damaged by *The Times* report?

(Sir *Hugh Rossi.)* I think the damage was mainly the constraint which appeared to be placed upon individual Members of the Committee in their approach to the report. Certain purple passages had been quoted out of context in the original newspaper report—passages which were there, incidentally, to stimulate discussion more than anything else. Nevertheless, great emphasis was given to those passages, which resulted in a feeling amongst Members of the Committee that perhaps they ought to be seen to be supporting or opposing a particular concept: in other words, party political considerations, which we had so far avoided, began to creep into the matter. If I may, I would like to quote from a note that I received from a Member of my Committee which expresses the situation. To explain, I asked all Members of the Committee if they would care to let me have memoranda so I could put to you all the points they had in their minds. I think these words of one Member of the Committee summarise it best: "I would like to place it on record, however, that my greatest worry was that, since the original draft was published, any amendment to it was liable to be interpreted as being either a watering-down or a beefing-up of the original report. This put Members of the Committee who disagreed with the original draft, amongst whom I include myself, at a major disadvantage. The discussions held by the Committee subsequent to the leak seemed to me to revolve entirely round how the Press interpreted the changes in the report rather than on their merits. I felt this undermined the value of the report, and the Press coverage of the matter reflected the original rather than the final publication". I pray that in aid, as it were, as evidence of the fact that the minds of the Members of the Committee were prejudiced by the fact that this draft report was published before they had had an opportunity of considering it.

Mr Morris

3. I am grateful to you for your clear explanation of what happened. The complaint made to us is that any amendment would be regarded as either a watering-down or a beefing-up of the report, but an amendment of significance is highly likely to be either of those things. Like the Chairman, I wonder whether the damage was other than loss of trust and faith in one another. Can you put your finger on any significant damage?

(Sir *Hugh Rossi.)* To this extent, that I think what this Member is trying to say, and what others have said to me, is that they then felt themselves to be constrained in the suggestions they would like to make as to the changes in the report. The scene in which they then found themselves meant that they were not approaching this in the uninhibited way they would otherwise have liked to approach it, so to that extent the value of our discussion was undermined.

Mr Shore

4. Again pursuing the same point, which I think is the crucial one, do you think, Sir Hugh, that the final report that you got your colleagues on the Committee to agree to was, in the event, significantly different, or different at all, from what you would have expected those conclusions to be had the leak not taken place?

(Sir *Hugh Rossi.)* It is difficult to say. There were recommendations in the draft report and certainly passages in the draft report that I was very uncertain as to whether or not the Committee as a whole would be prepared to endorse and underline.

Some of these passages and recommendations have remained; others have gone. What the outcome would have been if we had met in a totally impartial, sterile atmosphere it is difficult for me to say. Changes have certainly taken place. More changes or fewer changes might have taken place in other circumstances.

Mr Mikardo

5. I would like to pursue the point that you raised, Chairman, and John Morris, about the effect on Members of the Committee. Sir Hugh, we are all used to the fact that we live in a goldfish bowl and that sometimes our actions are misinterpreted, a situation which has intensified since there has been a reduction in the standards of large parts of the press. Every time you and I make a speech we have to bear in mind, if we are so inclined, not merely its merits but how it will appear to others when perhaps it has been only insufficiently reported and so on. Surely we develop in this House a pretty thick hide about all this? I really cannot believe that there is any Member of your

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[Mr Mikardo *Contd.*]

Committee who was keen to move an amendment, who had had your document and thought he would move an amendment to leave out on page 7, lines 3 and 4, but, because there was a report in *The Times*, said to himself, I had better not do that because people will start to ask why I am doing it. Is there really amongst the very good people on your Committee anyone who would be as inhibited as that?

*(*Sir *Hugh Rossi.)* I am only trying to reflect to this Committee, Mr Mikardo, fairly what has been said to me by Members of my Committee. I am reporting to you what they have said to me and I have quoted at length what one has taken care to put down in writing to me. I think I can say this of all Members of the Committee, that we are experienced politicians, we are used to being on the rostrum, we are used to debating on the floor of the House and we can all take the knocks that we receive in those fora. I think it is also true to say that when we are performing (if that is the correct word) on those occasions we perhaps are living a life or living a character that others expect of us, certainly that our followers in the country might be expecting of us as loyal supporters of our party. When we are in a Select Committee our approach is somewhat different and what we are trying to regard ourselves as, rightly or wrongly, is not so much as party politicians but as Members of this House concerned with watching the work of the Executive. We realise that the Select Committees of which we are Members are in their infancy and they have to be nurtured very carefully. A great deal will depend upon the way in which the work we do is seen to be impartial and effective and a true criticism of the way in which the Executive is handling the affairs of this nation. In doing that we feel that perhaps it is necessary at times that we can talk in a way that we perhaps cannot talk when we are on our hind legs on a public platform and in the Chamber.

Mrs Oppenheim

6. Sir Hugh, you have already said, and, indeed, the report says also, that the result of the leak was to influence the proceedings, to constrain and delay the proceedings. You were dealing with a subject which is very sensitive in the public arena, which I think makes all this more important. Apart from being influenced, constrained and delayed, as to the precise nature of the damage that these three factors wrought, do you think the actual outcome of the deliberations or conclusions would have been materially different and perhaps of a higher calibre? That is not a criticism but do you think the final conclusions would have been of a higher calibre in the public interest?

*(*Sir *Hugh Rossi.)* I think it is quite possible that some of the recommendations that we made might not have been in quite the form in which we have made them and, on the other hand, recommendations that we have not made might have been made, but this is really in the area of hypothesis and I really cannot particularise more than that. Certainly part of the damage that resulted, not in so far as Members of the Committee were concerned but in so far as our work as Members of the Committee was concerned in the general public interest, was that a misinformed impression was created as to some of the details that were likely to appear in our report. Unfortunately, because we took our decision immediately after *The Times* publication, we could not deal with the report there and then and there had to be this interval of time, there was a matter of weeks in which misinformation continued to be circulated and, therefore, when the report appeared it seemed to carry a cloak of many colours for which there was no justification. People said, in reporting our report, that we had recommended, for example, that the BNFL should not enter into any new foreign contracts. We did not recommend that but that was reported as a recommendation after the issue of our report. It was also suggested—and there was a press release by one of the unions who work at Sellafield in which these words were used—"by recommending that nuclear reprocessing should end". We made no such recommendation but here is a press release by a union after our report had appeared. Quite clearly they had formed a mistaken impression about our report because of this leak of a draft which, in the event, was not our report.

Mr Amery

7. Have you any clue as to who was responsible for the leak?

*(*Sir *Hugh Rossi.)* None at all. Following the recommendations of this Committee, in full Committee I questioned each Member round the table in turn as to whether he or a member of his staff was or could have been in any way responsible. I drew a negative every time. Subsequently, again following

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[Mr Amery *Contd.*]

the recommendations of this Committee, I wrote to each member of the Committee, who then reconfirmed all that he had told me verbally in writing, and the replies are in the appendices to the report which this Committee has. Similary, the Clerk of my Committee approached all members of the staff who had in any way had access to the report and again received a negative. It is impossible, I am afraid, to find any George Washington amongst members of my Committee or their staffs or the staff of the Committee.

Mr Mackenzie

8. The point that does concern me, Sir Hugh, is this, that once the matter had been reported in the newspapers did you feel, as an experienced Chairman of a Select Committee, that this inhibited Members from saying what they really wanted to say for fear that they might personally be reported, even orally, to a reporter? Have I made my point, that someone would actually go out and say to a reporter, "Mr X said so-and-so"? Did you feel that this fear was felt by Members of the Committee in the discussion?

*(*Sir *Hugh Rossi.)* Yes, that fear did surface in the Committee and has lingered. At the moment there is a feeling of mistrust as to what we can discuss freely amongst ourselves.

Sir Philip Goodhart

9. Would you say that the final report of the Committee got as much publicity as the leaked report?

*(*Sir *Hugh Rossi.)* That is the other side of the coin, and in a sense there is a lot to be said for a film trailer which reveals the Perils of Pauline and leaves the public waiting for the next instalment with bated breath. I have to say this, that the subject-matter is one in which there has been, for many months, a great deal of interest. The publication of the report also coincided with another kind of leak from Sellafield, and there was a good deal of public interest in what the Committee might say about the reprocessing of nuclear fuel at Sellafield as a result. In any event, there was a great deal of interest focused on the report, but certainly the belief that here was an all-party committee with a substantial Conservative majority upon it likely to come out with statements which were believed to be contrary or opposed to government policy did attract a lot of media interest which perhaps might not have been there otherwise.

Mr Attorney-General

10. Looking at Annex A on page X of your report,* the Richard Evans article, I was really horrified by the very last paragraph on the page where he departs from the leaked report and gives what he thinks will be the reactions of Members on party political grounds: "While the one Liberal and three Labour MPs are likely to strengthen some of the proposals, they are not disappointed with its overall content and tone. Sir Hugh may find more difficulty in carrying some of his Conservative colleagues." If that is not imagination or invention, that would probably have been the information given to him by the leaker. Do you think that affected your colleagues at all?

*(*Sir *Hugh Rossi.)* Yes, I think it did; it was one of the things which very much influenced them in their approach to the report—public expectation as to what they ought to be seen to be doing.

Chairman: Thank you, Sir Hugh. We have all had a chance to put questions to you. It has been very helpful to have your comments.

(*The witness withdrew*)

*Special Report from the Environment Committee, 1985–86, HC 211

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Examination of Witnesses

MR CHARLES WILSON, Editor, and MR RICHARD EVANS, Lobby Reporter, *The Times*, called in and examined.

Chairman

11. Mr Wilson and Mr Evans, this session of the Privileges Committee concerns an article which appeared in *The Times* newspaper relating to the draft report of the Environment Committee. We are conducting our affairs in a relatively informal way. I will open with a question, and Members of the Privileges Committee will thereafter ask questions. I suggest that the most practical way of dealing with it is for you to assume that any question which is put is put to you jointly, and if we wish to put a specific question to one or other of you we will so indicate in the question. My question is in respect of Mr Wilson in his editorial capacity and Mr Evans in his role as the contributor of the article in question. Did you realise that you were committing a breach?

*(*Mr *Wilson.)* I think we both realise that *prima facie* it was a breach of privilege.

Mrs Oppenheim

12. Knowing it was a breach of privilege, did you have any particular purpose in publishing it, other than what you considered to be its news value? Were you seeking to influence future events by publishing pieces of the report?

*(*Mr *Wilson.)* I was not seeking to influence the outcome of the final report, if that is the point of the question. My main reason for publishing it was its public interest. I felt that public interest in this subject was paramount and it overcame all the other considerations I had.

Mr Mikardo

13. Your said you realised when you did it that it was a breach. Does that mean you took the view it did not matter whether or not you breached the privileges of the House? Does it mean, referring to your answer to Mrs Oppenheim, you took the view you had the right to decide that this was a consideration which was more important than the privileges of the House, a consideration which entitled you, on your own say so, to decide it would be all right to breach the privileges of the House?

*(*Mr *Wilson)* In all the circumstances, yes, and those circumstances included the fact that although leaks, if I may call them that, are considered to be breaches of privilege—and I have admitted that they are and this one was—no action has been taken over a very long period against such leaks, and the rules are out of date. The rules were written at least as long ago as 1837, and the new form of Select Committees was set up in 1979, and I believe the rules are out of date, and are acknowledged as being out of date by the disrepute into which they have fallen. Leaks are becoming more and more common and the people being accused of committing breaches of provileges have become non-existent.

Chairman

14. If you take the work of the Select Committees, I think it is fairly reasonable to identify those areas where evidence is submitted. Evidence may be submitted in confidence because it may be commercially highly sensitive, or it may have defence connotations. There is also the area where the Select Committee wishes to have the protection of privacy to engage in deliberation before producing its final report, and it is in respect of the latter that we are having this discussion this afternoon. You have indicated that although you regarded it as a breach of privilege—and that is not in doubt—nonetheless for other factors you proceeded to publish. What would be your attitude to those other areas I mentioned, which are also part of privilege, namely, evidence that is given in confidentiality because it involves matters of commercial sensitivity? What would be your attitude if you came across that? I am not trying to dress anything up. What I want to know is, if you are in the business to pick and choose as to how you regard privilege, at what point do you decide that you will accept the efficacy and the validity of privilege?

*(*Mr *Wilson.)* If I might refer to the Second Report on the Committee on Privileges, 1984–85, in paragraph 55 it says: "Your Committee emphasises that the ultimate criterion in all such cases lies, as it always has, in the effect of the leak on the public interest." As I have said earlier, I think that the public interest in this case far outweighed other considerations. It might have been said to you that the publication of the draft report upset or damaged the work of the Committee. I did not feel then, and do not feel now since the publication of the report proper, that that is so and I repeat that I think the public interest far outweighed any embarrassment—because I

[Chairman *Contd.*]

think it can be no higher than that—to the Committee or its work or to Parliament.

(Mr Evans.) Could I make the point that there are an increasing number of leaks from Select Committees. This is really one batch of evidence from any witness, so in particular terms I do not think that comes into effect. Should it do so and if it did involve national security or commercial confidentiality, I think one would be very hesitant about using it and I would have thought the editor would be as well.

Sir Paul Bryan

15. If you say it is in the public interest to publish it when you did, why is it less in the public interest to let it wait a fortnight until it has been properly discussed and publish it then?

(Mr Evans.) Perhaps I could take up one point. If we waited two weeks another newspaper might get hold of it.

16. That is it.

(Mr Evans.) Precisely, but can I make one other point. Let me assume that the report had been drawn up by a committee set up in Whitehall to look into the question of nuclear waste. Let us say that committee came to roughly the same kind of recommendations—an important committee, a committee that was going to have an effect on policy-making. If we were to obtain that report and use it there would be no comeback whatsoever. The fact that the report has been produced by a Select Committee makes it different because of the existing rules of privilege. I would argue that the Select Committees since 1979 have become much more important. I think the public now take far greater note of Select Committees and, with respect, I would suggest the rules of privilege need to be modified and to be brought up-to-date. I think that could be to the advantage of Parliament, the public, and, dare I say it, the press as well.

(Mr Wilson.) I would like to put the point that it was not two weeks. The report proper was published three months after the publication of the draft report.

Mr Mikardo: It was published late because of what you did.

Sir Paul Bryan

17. It is your fault.

(Mr Evans.) That, I think, is arguable.

(Mr Wilson.) And events have since shown just how much public interest was involved. Can I say that when the report was finally published, in criticising the nuclear industry the report made a great point about the industry's defensive secretiveness and I feel that that is what we have here. I see no damage by the publication of the draft report, only an advantage to public interest and a widening of the public debate at an earlier date, three months earlier than it would have taken place had the report been published when the report was published.

Mr Mikardo

18. Could I take up Sir Paul's point. If the situation were that here was some work done by a Select Committee which was on a topic of great public interest—and nobody is disputing that this was a topic of great public interest—but it was not going to be published, then investigative journalists might well consider—and I can understand it—that it was their duty to get this out in the open because it was going to be kept secret. You have been making a reference to secrecy. The complaint about secrecy is that the things never come out. You have drawn a false parallel. Here was a case where there was no secrecy. The delay was your fault. The delay was caused by the leak. So there we were in a situation in which in a few weeks' time you would have got the truth, the whole truth and nothing but the truth. A draft is never the truth because it is always amended, in my long experience of committees. You have told us why you did it. You wanted a scoop and you made it exactly clear that your interest was not the public interest: your interest was your paper's interest in jumping ahead of others. I would make one other point. One of the witnesses said, Chairman, that no damage was done by the leak. He is not in a position to know that. The Chairman of the Committee under strong questioning has told us the work of the Committee *was* damaged, has told us that he did not think the report was the same as it would have been if there had not been a leak and maybe, therefore, was not a good report. The Chairman of the Committee is in a much better position than you can be to know whether damage was done. We hear you saying it was in order to get a scoop over your competitors.

(Mr Evans.) Can I answer one of those questions as to its being done to get a scoop. The first report on nuclear waste was one of public interest. It so happens the Environment Select Committee, as you well know, did a report on the leak itself. That was

[Mr Mikardo *Contd.*]

leaked to us as well. I got that report, I wrote the story and the decision was taken not to use it, probably quite rightly, because that was not in the public interest. It would have been, in effect, thumbing a nose at Parliament. There is a very big difference. If I can go back to Mr Mikardo's first point, let us assume that Whitehall or, indeed, Cabinet discussion had been going on about policy. If we get a leak on that—say Cabinet has been discussing Sunday trading, Libya or whatever— that we can use and there is no comeback. So I draw this parallel again, that because the report is being done by a Select Committee should we face possible punishment for a breach of privilege and yet if the report has been done by an important body within Whitehall or a Cabinet sub-committee, that we can use and there is no comeback. That is why I say the rules of privilege relating to Select Committees are now out-of-date.

*(*Mr *Wilson.)* I would like to make a point we have at the back of our mind here. Mr Evans' job is to find scoops, to find ways of presenting them to his newspaper. I as the editor have a different task, that is, to judge whether or not we publish them. I published a story of public interest and that was the primary reason. I have to stress that. As Mr Evans said, he did a couple of months later come up and say, "I now have a leak of the leak." I read the story and said, "I see no public interest in this." I felt there was no point in flouting or waving a red flag at an albeit dormant bull for an item that was not of sufficient public interest or for which there was no other reason for publication.

Sir Philip Goodhart

19. If every day you have an editorial conference which leads to the publication in the following day's paper of a number of leading articles, if you found that a member of the editorial conference of *The Times* was regularly ringing up the *Daily Telegraph* and/or *The Guardian* and telling them what was going on at your editorial conference, would you not be cross and would you not seek to get rid of that employee?

*(*Mr *Wilson.)* I think the answer to that question is yes. A similar question was asked of my predecessor at an earlier meeting of this Committee. I do not think I would, personally, treat them as gently as Mr Douglas Home would have done. that brings one to the point that if one is here to discuss a leak—and the verb is "to leak"—the perpetrator of the leak is the source of the leak.

Mr Mackenzie

20. How often did you breach privilege in the course of last year?

*(*Mr *Evans.)* Myself? I have not kept count, but several times, and so have other newspapers. I think it will become increasingly the case because the Select Committees have taken on a new role and their work will increase in importance.

21. I am interested in the point made by Mr Wilson that his motivation in publishing this was purely the public interest. I cannot understand, for the life of me, why the public interest would not be better served, and the public debate would not be a better public debate, if the actual report rather than a draft report had been published. some of us still cannot forget that your newspaper actually leaked the proceedings of this Committee, which was not in the public interest at all and which was believed by some people to be *The Times* showing in a rather frivolous way that it could show what was happening in the Privileges Committee rather better than anyone else. How can you say that the public interest is better served and public debate is better served by publishing a draft report than by waiting until you have the proper report with its proper recommendations?

*(*Mr *Wilson)* To take the second point you made, the fact that the second time Mr Evans came back with the leak of the leak it was not published indicates we are not very happy to say "Yah-boo! We have another leak." That is nonsense and childish. That is not so in this case or in any other case which I have had or will have n future. Going back to the substantive part of your question, some Members of the Committee have suggested that it was delayed three months only because we leaked the draft report, but, if it was only a few weeks, it was an important public debate and there was every reason for it to take place as soon as possible. It was a very serious matter, as subsequent events have proved, and there may have been decisions taken in the industry in the intervening period between publication of the draft and publication of the final report which would have been affected by a widened public debate. If there were matters in the draft report that were not in the final report, that would all have been grist to the mill of public discussion and it could only increase public debate, which I suggest was only right and proper in this case.

*(*Mr *Evans.)* If I may add to Mr Mackenzie's question, he said it would have

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[Mr Mackenzie *Contd.*]

been better if we had waited until the report had been published; it would have been much better for the purposes of public debate. You can apply that argument to any document that is being prepared by the Cabinet in Whitehall or anywhere, but that is not the way in which the world works. There are leaks in committees and leaks in Whitehall, and it will always be so. Why should Select Committees be different?

Mr Attorney-General

22 It is apparent from your article that as a lobby correspondent you know perfectly well that a draft report such as the one you leaked is the work of one man plus the clerk of the committee; that is made clear in the penultimate paragraph on page ● of the Second Special Report of the Environment Committee. "Although the report is only at draft stage and will be considered for the first time by the full comittee tonight . . ." Was it your understanding that the draft report was the work of Sir Hugh, perhaps with the assistance of the Clerk from time to time?

*(*Mr *Evans.)* My understanding was that, whilst Sir Hugh and the Clerk drew up the draft report, Sir Hugh would have done it after private consultations with a considerable number of Members of the Committee; it was not solely Sir Hugh's work, and he did not do it without having had a chat with other colleagues.

23. You have now admitted for the first time that . . .

*(*Mr *Evans.)* Officially, for the first time.

24. The headline is pretty misleading—"Nuclear Industry Criticised by MPs". You were giving the impression that the Committee agreed with the report?

*(*Mr *Evans.)* I am sure I do not have to tell you that I do not write the headline.

25. That was the headline applied to your article?

*(*Mr *Evans.)* Yes.

26. And it was very misleading?

*(*Mr *Evans.)* I do not think it was that misleading.

27. It would have been apparent to you that the draft report was due for consideration either that day or the day after you wrote your article and would then be considered line by line probably by the full Committee, as you forecast. The final document was going to be a much more effective and useful document than a draft report by the Chairman?

*(*Mr *Evans.)* A more effective document from whose point of view?

28. In the sense you would be getting an accurate reflection of the Committee's views. You cannot deny that, can you?

*(*Mr *Evans.)* As it turned out, the final report, apart from the first two or three passages, which was a general kind of introduction, was very much like the initial draft report.

29. It was just your good luck, but you did not know at the time you leaked this what the end result, after full deliberation by the Committee, might be?

*(*Mr *Evans.)* That is correct, but I am saying I do not see how it affects the situation. You can apply the same argument to other reports within government; you might say it is better to wait until there has been Cabinet deliberation, but things do not happen like that.

30. I will not ask you to name the leaker; you will not tell me, but did he tell you how the party components of the Committee were likely to move, as you report in the last paragraph on that page?

*(*Mr *Evans.)* It is several months ago. I spoke to several Members of the Committee.

31. Was that your invention or what you were told?

*(*Mr *Evans.)* It certainly was not my invention.

32. I will not ask you who was responsible, but in *The Economist* inquiry conducted by the Privileges Committee in 1975 the Editor was kind enough to exclude anybody who was either the Clerk or any of the other Committee staff. Are you willing to do that?

*(*Mr *Evans.)* I have thought about this question. Bearing in mind the letters which MPs have written, I think it would be wrong for me to exclude anybody. To do so would automatically narrow down the field of suspects and could identify the source.

33. You do realise the consequences of that answer in respect of the members of staff upon whom we have to rely totally? Are you not prepared even to do that?

*(*Mr *Evans.)* I think it would be wrong for me to do so; it could endanger my source.

Mr Mikardo

34. Why "wrong"?

*(*Mr *Evans.)* It would be wrong from a journalist's point of view. As you well

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[Mr Mikardo *Contd.*]

know, the golden rule is that you do not disclose you source or any information which may lead to that source being discovered.

Mr Attorney-General

35. I thought you just told me that you had spoken to several Members of the Committee?

(Mr *Evans.*) I had.

36. Bearing that in mind, are you seeking to leave the feeling amongst Members of this Committee that the source might have been the Clerk or some member of the Committee's staff?

(Mr *Evans.*) I am not seeking to leave any feeling with the Committee. The question you asked originally was related to the comment I had made in the newspaper article. That was made after I had spoken to several Members of the Committee, and that is entirely different and did not relate to my source.

37. I am sure you will not object to answering my last question. Did you offer any monetary or other reward?

(Mr *Evans.*) Certainly not, and that has never been the case in relation to any article I have written, whether it be a Member or anybody else. I would not be interested.

38. I cannot blame you for the passage in the Diary, but when we last considered the question of Select Committee leaks the Diary reported my advice to the Committee. That was like a red flag to a bull, was it not?

(Mr *Wilson.*) It may well have been and I hold no responsibility for it.

39. But can you think of anything more calculated—let us use your phrase—to hold a red flag to a bull than reporting the Attorney-General's advice to the Committee?

(Mr *Wilson.*) I prefer not to think of anything more calculated to do so because I am sitting here at this moment.

Mr Morris

40. Following the Attorney-General's question to you, you say you are not in the business, Mr Wilson, of "cocking a snook" or saying "yah-boo" to Parliament; hence you did not publish the report of a leak of a leak. Since your paper did precisely this in respect of the matters to which the Attorney-General referred when you published our deliberations, has there been a change of policy in your paper since the last time it happened?

(Mr *Wilson.*) There has been a change of editor, as is obvious, and I have my views about it. I happened to be on duty on the day this story was presented and I read the story and discussed it with the author and one or two other colleagues and decided, for the reasons I have said, to publish it. I also saw the subsequent story and decided not to publish that. If you are asking would I today have published the story that was in the Diary, then I do not know the answer. I did not see a copy and I could not answer the question. By and large I have to say that I do agree with the evidence that was given by the Chairman of the Lobby and most of the editors, including my predecessor, when they came before you at the Second Report, but I have no wanton desire to prove that this system of privilege does not work.

41. You mean it does not work if you do not consider it sufficiently important to outweigh the public interest. You play God in that respect.

(Mr *Wilson.*) No, I am not playing God at all. I think rather the reverse. I say so many people have gone before me untouched and should I not be as lucky as one of the other disciples?

42. Would you publish the Attorney-General's advice to the Committee, as your predecessor did, if that situation came about? I want to know whether there has been a change of policy in your paper?

(Mr *Wilson.*) I would have to see it. I did not see it at the time and I have not seen it since.

43. You know what we are talking about. Before coming here you will surely have considered the history of this matter. The Attorney-General made it quite clear. There we were deliberating upon the leak and lo and behold, the next day in the Diary there was a full comment on the deliberations of the Committee.

(Mr *Wilson.*) I do not think I would have made that decision but I do not wish to pass blame or comment on the decision of any of my colleagues.

44. We are not asking that. What we want to know is what you would do and, therefore, has there not been a change of policy if you would not publish similar matters as the Attorney-General's advice to the Committee?

(Mr *Wilson.*) The two are not mutually exclusive. I could not have not made the

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[Mr Morris *Contd.*]

same decision without there having been a change of policy. Newspaper policy is made, as I am sure the Committee will know, very much on the day it happens, on the hoof and on the run. I do not think in the cold light of day I would have said, "Let's publish this Diary item," because it seems to me to serve litle purpose but to annoy.

Mrs Oppenheim

45. Can I return to my first question that I asked you, whether, in publishing the leak, you were seeking to influence the Committee, and you said no, you thought it was, in *your* judgment, in the public interest to do so. There was then a conflict because Mr Evans then spoke of the growing importance of the work of Select Committees and then you said that in the event you did influence events within the industry because behaviour within the industry has changed, you implied, as a result of your having leaked.

*(*Mr *Wilson.)* I am sorry, I did not mean to infer that, but that is happening within the industry.

Chairman

46. I fear we are running against a Division very shortly. I would like to come back to the question of the disclosure when the Attorney-General stated, as I am quite sure we all understand, there is a convention that you do not disclose your sources. Mr Evans indicated that he was aware of *The Economist* case* and that is, indeed, not least because from my office notice was given of this particular precedent and the interest that might be taken in it. Can I say, Mr Wilson, why there is concern in this Committee, I am sure, about the shadow that rests upon those who might be in a position to disclose and whose name we do not know. On the whole we accept that most politicians can fight their corner but I think it really is profoundly unfair and it does not demonstrate the mutual goodwill which one would expect to exist between the newspaper world, using the Lobby system, and this House of Commons, when presumably the people who are most exposed in this situation are servants of the House, namely, the Clerk to that Committee. Then there is another category, the employees of Members of Parliament, and there is gradation. That is obvious. In the case of *The Economist* the answer was given that clearly they did not feel they were torpedoing press principles but they were able at least to lift the shadow so that we knew it was Members of Parliament who had been part of the arrangement whereby that information was made available. That came about in a situation where initially the journalist did not feel able to help the Committee in that respect but eventually the editor made the helpful contribution subsequently of identifying that the leak did not derive from any of the staff and they at least, therefore, were free of that shadow.* I am not asking you to comment now on what I have just said but I would like to say that, as far as a helpful relationship between *The Times* newspaper and the House, operating in all its forms, particularly through this Lobby, is concerned, I would like to think matching the performance of *The Economist* was not too much to ask. I am not asking for that now, but I would hope you would feel able to go away and consider it. May I say that if your judgment matches that of the editor of *The Economist,* in no sense will it reflect or detract from the regard and esteem we have for Mr Evans.

*(*Mr *Wilson.)* I will comment, as you say. I have to make it clear, though, that this decision is a matter for Mr Evans. I do not know the source; I have not asked the source.

47. All I am asking is, would you kindly acquaint yourself with *The Economist* precedent?

(Mr *Wilson.*) I am happy to do that but in the end it will be Mr Evans' decision.†

Chairman: As there are no other questions, thank you very much.

*See First Report from the Committee of Privileges, 1975–76, HC 22.

*ibid, para. 6.

†See Appendix to Minutes of Evidence.

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APPENDIX

Letter from Mr Charles Wilson, the Editor of *The Times* to the Chairman of the Committee

I am sorry for the delay in responding to your request,* but Mr Evans had not received a copy of the transcript of the "hearing" and has finally read the copy sent to me.

I have since spoken at length to him and he feels that it would not be appropriate for him to give any indication—even in a negative sense—of the source of the leak. He is as confident as the Members that the staff are above the need for exoneration.

As I told the Members of the Committee, this is a decision he would make alone without pressure from me. However, I have to say, I agree with it.

If I can be of any further help to the Committee, I will be happy to try.

**In Question 46 and 47.*

27 *APRIL* 1986

CCRC
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Pure Minutes:

The OUP want to come back on Select Committees. The Chief Whip is reluctant unless they are prepared to play their part at Westminster

Government Chief Whip
12 Downing Street, London SW1

J Daniel Esq
Northern Ireland Office
Old Admiralty Building
Whitehall
London SW1

24 April 1986

28/4

Dear Jim,

I enclose a copy of a letter from Mr Molyneaux to the Chief Whip and a copy of a draft reply.

I should be most grateful for any comments which you and the other recipients of this letter may have on the draft as soon as possible.

I am sending a copy of this letter and enclosures to Tim Flesher at No.10., Alison Smith in the Lord Privy Seal's Office and to Michael Stark.

Yours ever,

Murdo MacLean

(Murdo MacLean)

DRAFT ONLY

To: J Molyneaux Esq;

Thank you for your letter of 22 April about the willingness of members of your Party to accept renomination to the position which they previously occupied on Select Committees and other bodies.

As you know, appointments to these committees are highly prized in the House and whilst I believe that it would provide for more orderly running of the committees if these vacancies were filled, I do not believe that the House would readily accept a situation whereby your Members were prepared to serve on these committees but not participate in the work of the Chamber itself. The Committees are, after all, only an extension of the Chamber.

Additionally, I note that in the "12 Point Package of Opposition to the Anglo-Irish Agreement" issued yesterday, you re-affirm your earlier decision not to revert to normal parliamentary practices. I just do not think that in the light of this the House should be asked to accept the apparent anomaly that renomination to the Committees would give rise to. There is already considerable pressure from other parties for their members to be appointed to the committees where the vacancies exist.

I will, of course, be very ready to discuss any of this with you if you think it would be helpful.

The Rt. Hon. James Molyneaux, JP., MP.
LEADER — THE ULSTER UNIONIST PARTY

House of Commons,
London, SW1A OAA.

22 April, 1986.

Dear John

As there appears to be some doubts over the willingness of those Members of our Parliamentary Party to accept re-nomination to the position which they previously occupied on Select Committees and other bodies, I write to confirm that all would accept re-appointment.

I trust this information will be useful.

Yours ever
Jim

The Rt. Hon. John Wakeham, MP.,
Chief Whip's Office,
House of Commons.

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Caxton House Tothill Street London SW1 9NF

Telephone Direct Line 01-213.....6460.....

Switchboard 01-213 3000

David Norgrove Esq
10 Downing Street
London SW1

22 April 1986

Dear David,

GOVERNMENT RESPONSE TO THE EMPLOYMENT SELECT COMMITTEE REPORT ON LONG TERM UNEMPLOYMENT

... I am attaching a copy of the Government's response to the Employment Select Committee's report on special employment measures and the long term unemployed, which was passed to the Committee yesterday.

My Secretary of State hopes to make the response public in the very near future.

I am copying this letter to Rachel Lomax (Treasury), John Mogg (DTI), Robin Young (DoE), Tony Laurance (DHSS), Jim Daniell (NIO), Colin Williams (WO), Robert Gordon (SO), Andrew Lansley (Office of the Chancellor of the Duchy of Lancaster), and to Nigel Snooke (Office of the Chairman of the Manpower Services Commission).

Yours etc,

CHRISTOPHER SNELL
Private Secretary

SPECIAL EMPLOYMENT MEASURES AND THE LONG-TERM UNEMPLOYED

THE GOVERNMENT'S RESPONSE TO THE REPORT OF THE SELECT COMMITTEE ON EMPLOYMENT

INTRODUCTION

1 The Government has studied carefully the proposals in the Select Committee's report. It shares the Committee's concern about long-term unemployment and is committed to providing people who have been unemployed for some time with help to get them back to work. It believes that the measures announced in the Budget offer a surer and more cost-effective way of providing help to all long-term unemployed people than the Select Committee's proposals. This note comments on the approach recommended by the Select Committee and contrasts it with that adopted by the Government.

The Select Committee's proposals

2 The Select Committee Report discusses the problem of long-term unemployment and puts forward proposals with the objective of creating 3/4 million extra jobs. The aim is a position in which long-term unemployed people can be guaranteed a job. The Committee envisages pilot projects in areas of particularly high unemployment with a view to implementing its full proposals within three years.

3 The Committee proposes a three-part programme consisting of:

(i) a new building improvement programme, to provide 300,000 extra year-long jobs for long-term unemployed people. They would be employed on projects proposed by local authorities and private agencies, firms and individuals, agreed by the Manpower Services Commission (MSC), and tendered for by private contractors . They would be paid the rate for the job, reimbursed up to a maximum average wage - which would currently be some £105 a week - by the MSC.

The Committee assumes an average benefit saving of £2,000 per head, and estimates the net cost per job at £4,000 to £5,000; so that the scheme would cost £1.5 billion net in a year of full operation;

(ii) the employment of 50,000 long-term unemployed people in personal social services, and a further 50,000 in the National Health Service (NHS). They would, in the first instance, have a year-long contract of employment; and be paid an average of £120 a week, which would be reimbursed by the MSC. The Committee hopes that many would be established in permanent posts at the end of the year. It estimates the total net cost of this at some £0.4 billion a year;

(iii) the introduction of a wage subsidy to employers in the private sector (but not construction) who took on long-term unemployed people without reducing non-subsidised employment. In the view of the Committee the subsidy, at £40 a week paid for a year, would create 350,000 new jobs, at a net cost per job of £4,000 and a total net cost of £1.4 billion a year. The MSC would be responsible for administering the subsidy.

4 It is important to note that on the Select Committee's own assumptions it would be necessary to support 1.25 million places on the various schemes in order to reach the target of 750,000 extra jobs. This is not stated explicitly in the Select Committee's report but it is implicit in its costings of the proposed wages subsidy where it appears to have assumed that it would be necessary to subsidise 850,000 jobs to create 350,000 extra jobs.

5 For the reasons of practicability discussed below and in the Annex, the Government does not believe that the Committee's proposals could be implemented to achieve a guarantee of a job for all long-term unemployed people. Furthermore, even setting aside these objections of practicability, the cost of attempting to implement the Committee's proposals would be prohibitive. The cost of the proposals, the effect on the economy of financing them and their feasibility are examined in turn below.

(i) Cost

6 The Committee's report estimates that its package of proposals would cost £3.3 billion net, which would imply a gross cost of some £4.8 billion as set out in the Annex. That in itself would be a formidable extra cost, but the Government considers both gross and net costs have been underestimated in a number of ways.

7 First, the costings of both the building improvement and social services programmes make no allowance for sponsors' management and associated costs in running the schemes. Experience suggests that these could be substantial in programmes of this size. In particular, it is difficult to see how the proposed building scheme could get off the ground unless employers were offered a management fee to cover their management and supervisory costs. Equally, the introduction of an extra 50,000 employees in each of the health and social services sectors would require high levels of supervision and training if standards of care and safety were to be maintained.

8 Secondly, the net costs of both the building and social services programmes depend on optimistic assumptions about deadweight, substitution and displacement i.e. about the extent to which they would support jobs which would have been there anyway or displace jobs which would otherwise have existed. A rapidly expanded building programme, carrying out work on the infrastructure, would be bound to substitute for normal jobs in the private and public sectors. A social services scheme might substitute less, but the Committee's assumptions that there would be no displacement or substitution seem unrealistic.

9 Thirdly, the net costings of the proposed subsidy to employers are particularly sensitive to assumptions about deadweight, substitution and displacement. The report estimates the cost of the subsidy at £4,000 per job. All the evidence from previous subsidies suggests that this is unduly low. Wage subsidies targeted on the long-term unemployed not only have high displacement but will also lead to some substitution for other workers. As the Annex shows, even if the practical problems could be overcome, the net cost per extra job created by the subsidy would more probably be in the range £7,000 to £9,000.

10 The Committee has therefore underestimated the net costs of the overall package of measures recommended in its report by up to £1 billion. The minimum £4 billion net it would require to finance the Committee's package would be additional to existing expenditure on measures for the long-term unemployed, which the Committee envisages would continue. But the fact remains that, even with expenditure of this magnitude, it would not be practicable to create the 750,000 extra jobs by the means the Committee proposes. The feasibility of the Committee's proposals is discussed in paragraphs 14 to 26 below.

(ii) The wider economic effects

11 The Committee is therefore proposing what is by any standards a substantial increase in public expenditure. It does not however discuss how it is to be financed, nor the implications for the economy of paying for it.

12 Additional expenditure on this scale would have to be financed by reducing expenditure elsewhere, by higher taxation or by increased borrowing. If it were financed by reducing expenditure elsewhere, the net effect on jobs would be reduced and the structure of expenditure would be distorted. The effect on jobs would be particularly compromised if resources were diverted away from the job-generating

measures which make up the Government's existing approach. If it were financed by higher taxation, incentives would be damaged and this would lead to job losses elsewhere. If it were financed by higher borrowing, it is most likely that there would be higher inflation and interest rates and higher costs for industry. As a result, jobs elsewhere would be jeopardised.

13 The effect would be to threaten the combination of lower inflation and sustained economic growth which has produced a net increase of nearly a million extra jobs over the last three years. The cost of the Committee's package to create temporary jobs would, therefore, be a slowing down in the growth of permanent jobs on which our prospects for a sustained reduction in unemployment depend.

(iii) Feasibility

14 Finally, it must be reiterated that experience suggests there would be serious practical difficulties in building up the proposed schemes to the Committee's target of 750,000 extra jobs, even over a three year period.

15 The Government's Community Programme is already providing work in the building and social services fields. At the last count almost 20% of places involved some building, construction or refurbishment work and 30% involved personal and social services. The past year's expansion has involved development in both these fields and it is by no means clear that there is major scope for huge expansion on the lines the Select Committee is proposing.

16 The Committee places considerable reliance on the private sector and on the development of tendering arrangements for contractors to get its building programme off the ground. At the Government's request the Manpower Services Commission has been experimenting in the past year with greater private sector sponsorship under the Community Programme. It has also been discussing with the Building Employers' Confederation the possibility of new arrangements to allow private sector firms to tender for Community Programme projects.

17 The Government is keen to see greater private sector sponsorship of projects and will be seeking to increase it further in the coming year. However, the report of the Efficiency Scrutiny into the Community Programme which was sent to the Select Committee on 14 April warned against regarding employers as an easy or unlimited source of new sponsors. It pointed out that some employers were not well placed to employ large numbers of long-term unemployed people on a temporary basis and concluded that it would require concentrated effort to increase employer sponsorship to 5% of the total Programme in the next financial year.

18 The Efficiency Scrutiny report also welcomed the attempt to develop a new "Schemes for Tender" arrangement within the Programme. It pointed, however, to the problems of devising a scheme which is sufficiently attractive to building contractors without significantly increasing the unit costs. It also commented on the fears of local builders that temporary work programmes substitute for work in normal employment and take business from small building firms. The substitution effect of the Programme is generally acknowledged to be low. But a huge building programme on the lines proposed by the Select Committee would be likely to have much greater substitution and displacement effects and therefore to increase the fears of the building employers about the effects on their business.

19 The Government is also seeking to expand the number of Community Refurbishment Schemes, where Community Programme projects contribute to, and are part of, wider projects to regenerate run down municipal council housing estates. Schemes have now been announced in Hull, Leeds, Gateshead, Calderdale, Bradford and Coventry and further schemes are to follow. There are, however, two lessons which are relevant to the Select Committee's proposals. First, such schemes can be developed cost effectively within the Community Programme and a new programme is not necessary to get them off the ground. Secondly, the schemes take time to negotiate and set up and experience so far does not suggest that they provide scope for expansion on the scale needed to meet the Select Committee's target.

20 The Committee's proposals for an extra 50,000 people in each of the health and social services sectors are also impracticable and undesirable. The Committee is not precise about how or where these extra people are to be deployed and admits that "the allocation of tasks and the screening and supervision of individuals will present some problems especially in the initial stages ..." In practice the influx of 100,000 extra people into the health and social services sector would swamp existing services and resources.

21 It is assumed that the Committee envisages most of the extra 50,000 in the health service working as unqualified nursing auxiliaries in hospitals. There are currently 109,000 such staff in Great Britain, so the Committee's proposals would represent an increase of almost 50% . It is highly unlikely that the health authorities could cope with this increase of staff or with the training and supervisory burdens which it would impose. Furthermore, these difficulties would be added to by the fact that the 50,000 long term unemployed people would change every year. The Committee hopes that many would be kept on in permanent jobs at the end of the year. There is, however, no evidence that health authorities would be able or willing to absorb even a proportion of these people each year.

22 In the social services field, about 213,000 people are currently employed in all grades of social services departments. The impact of 50,000 extra jobs - a huge increase of 23% - would therefore be considerable and pose similar serious problems of absorption. As in the National Health Service, those working in the established social services are employed to assist the most vulnerable in society. The value of the work done often depends on the building up of personal relationships between helper and helped. It is unrealistic to believe that this standard of service could be provided by thousands of untrained long-term unemployed people, taken on for a year at a time.

23 The report of the Efficiency Scrutiny on the Community Programme also highlighted the general problems of expanding temporary work programmes rapidly. In particular it commented:

(i) on the difficulties of ensuring at a period of rapid expansion that projects are doing the maximum to improve the employment prospects of individuals;

(ii) on the need to plan provision so that it achieves the maximum output in terms of benefit to the community;

(iii) on the strain which expansion has put on the organisation and management of projects in the public and voluntary sectors;

(iv) on the growth of monopoly sponsors and the difficulties in developing new sponsors.

All these problems would be present to an even greater degree in programmes of the size proposed by the Select Committee.

24 Finally, the success of the Committee's package both in guaranteeing a job to all long-term unemployed people and in creating 750,000 extra jobs depends to a large extent on the effectiveness of its proposals for a wage subsidy. It is, however, extremely unlikely that a subsidy to employers of £40 a week could achieve a coverage of 850,000 jobs or induce 350,000 new jobs a year. Employers would take into account the extra costs of rehabilitating, training and supervising people without recent employment experience, and this would have an effect on take-up; moreover, their use of the subsidy would be likely to drop away as suitable posts were filled and also as those long-term unemployed people whom they considered most employable were recruited. As the Annex shows, it is most unlikely that given the deadweight in such a subsidy, the coverage could be more than about 650,000, with the net increase in jobs only about 125,000.

Even in the unlikely event that the 850,000 target were reached, many fewer than 350,000 new jobs would be created because of the effects of displacement and substitution.

25 The Select Committee also assumes that these new schemes would continue alongside the existing programmes. However, both the building improvement and social services schemes would operate in the same fields as the Community Programme but with higher wages for the participants. They would inevitably be in competition with the Community Programme and would be likely to draw work and participants away from it. It should also be noted that if the employment subsidy coexisted with the Jobstart Allowance, as the Committee suggests, the employment of some long-term unemployed people would be subsidised to the tune of £60 per week.

26 To sum up, the Committee's proposals are costly, impractical and likely to reduce both permanent jobs and temporary jobs in the Community Programme. Their most serious defect is that they do not provide a realistic or practical means of creating the extra 750,000 jobs which are fundamental to the Committee's approach.

The Government's approach

27 The Government is, however, concerned to provide direct and practical help to long-term unemployed people. It has developed a strategy which it believes is cost effective and practical and which in contrast to the Committee's approach reinforces the Government's wider strategy for the economy. The approach is in three parts:

28 First, the Government's specific measures to assist long-term unemployed people are part of a wider economic strategy for encouraging enterprise and employment. That strategy underpinned the Budget. It is designed to continue the pattern of low inflation and sustained

growth which produces more jobs. It includes improving the working of the labour market and removing those rigidities which lead to pay settlements inimical to growth in employment. Over the last three years there has been a net increase of nearly a million jobs in the economy. That has not fully absorbed the major increase in people coming into the jobs market in that period. But it is a performance which has not been matched by any of our main Western European competitors. The labour force is now expected to grow less rapidly. A continued sustained growth in jobs ultimately offers the best hope for everyone who is unemployed, whether short-term or long-term.

29 Secondly, the Government has recently taken a number of further specific steps to encourage employment and enterprise and to improve the effectiveness of the labour market. These are an essential part of the wider economic strategy. They include:

- 2 year YTS which from 1 April will provide 16 and 17 year old school leavers with high quality training leading to recognised qualifications.

- the New Workers Scheme for under 21 year olds who have just left YTS or who are too old for it; this will encourage employers, by a payment of £15 a week for up to a year, to recruit people aged 18 and 19 in their first year of employment at wages of £55 a week or below, and 20 year olds at £65 per week or below;

- the Enterprise Allowance Scheme expanded in the Budget to help 100,000 unemployed people a year to start up their own business;

- the Small Firms Loan Guarantee Scheme extended for three more years in the Budget, with a reduction in the cost to borrowers.

30 Thirdly there are measures to focus specific and direct help on

long-term unemployed people, who find it particularly difficult to compete for the jobs that are available. The Government will shortly be launching the Restart programme which is designed to offer assistance to everyone who has been unemployed for over 12 months.

31 The Restart Programme will revolutionise the Jobcentres' approach to long-term unemployed people. Between 1 July 1986 and March 1987 everyone unemployed for a year or more will be contacted and offered an interview at a local Jobcentre. The aim will be to improve the skills, work experience and motivation of long-term unemployed people and help them get back into jobs. Everyone who is interviewed will have the chance of one of eight ways towards finding work:

- submission to a permanent job;
- a temporary job on the Community Programme;
- a place in a Job Club with a high chance of finding work;
- a chance of self employment under the Enterprise Allowance Scheme;
- £20 a week Jobstart allowance for six months for anyone taking a job paying less than £80 a week;
- a place on a training course;
- work on voluntary projects;
- a place on one of the new Restart courses offering help with the whole process of job hunting.

32 The Programme builds on the pilot schemes which have been carried out in nine areas of the country over the last few months. These have shown that in labour markets as diverse as Dundee and Crawley the approach now being adopted nationally can remotivate people and provide them with constructive help in looking for work. It has been well received by long-term unemployed people because for the first time Jobcentres are taking the initiative to offer them practical assistance in breaking out of unemployment. A survey in the pilot areas has shown that more than two-thirds of those interviewed have found their interview useful or very useful.

33 The Government is also expanding the number and range of opportunities available to long-term unemployed people under its other programmes. This is an essential backup to the Restart Programme.

34 The Jobstart Allowance is now available nationally as part of the Restart Programme. An allowance of £20 a week will be paid for six months to anyone who has been out of work for 12 months or more and who takes a job with gross earnings of less than £80 a week.

35 The number of Job Clubs is to be increased to 450 by the end of this financial year so that more long-term unemployed people can participate in this highly successful route back to employment. At present about two-thirds of Job Club members find a job.

36 The Community Programme will be expanded in 1986/87 to provide by November 255,000 temporary jobs for long-term unemployed people doing work of community benefit. Over 330,000 people will participate in the Programme in a full year, at a cost of some £1.1 billion. The average wage limit for the Programme, discussed in the Select Committee report, has also been raised to £67 a week from 1 April.

37 This amounts to the most comprehensive package of assistance ever provided for long-term unemployed people. This year the Government will be £3 billion on the whole range of measures to generate employment, support training and help the unemployed. Some £1.2 billion of this will be spent on measures specifically to assist long-term unemployed people.

38 Compared with the Select Committee's approach, this package is part of a wider strategy for encouraging enterprise and employment in the economy; it is cost effective; and it builds on experience with successful pilot schemes and existing programmes. Above all, it provides assistance directly and within the next 12 months to every long-term unemployed person who needs it.

Presentation and publicity

39 Finally, the Select Committee drew attention particularly to the need to get the message through to long-term unemployed people that help is available. The Restart Programme will do this for the first time by putting every long-term unemployed person in touch with counselling and advice at the Jobcentre. In addition, the Government has now launched a major new booklet, "Action for Jobs", designed to raise public awareness of the full range of measures and services provided by the Department of Employment and the Manpower Services Commission.

40 The new booklet, which is easy to follow, brings together information about 30 programmes covering employment, training and enterprise. It aims to ensure that everyone who needs to know about the opportunities available has the basic information about the choices, and knows where to get further details. It is thus particularly relevant to unemployed and long-term unemployed people.

41 The availability of the booklet is being advertised widely. National and regional press and commercial radio advertising will encourage people to pick up a free copy of the booklet - from their jobcentre, main Post Office, unemployment benefit office or by freepost. In addition, future advertising for individual measures will carry the 'Action for Jobs' logo, to stimulate awareness of the range of schemes and how they can be used in a complementary way.

42 The booklet and advertising campaign respond directly to the Select Committee's comment that "the present system of informing people about what is available should be improved. It is important the information should reach those who may have given up the search as well as those who are actively seeking work." The Government would welcome the Committee's support in publicising the Action for Jobs booklet.

Conclusion

43 The Government recognises that long-term unemployed people are particularly disadvantaged and agrees with the Committee that they are a priority for help through employment measures. The Government and the Select Committee differ on the most practical and cost-effective way of helping them back into normal jobs.

44 The Government believes that the approach it has adopted will provide much more cost-effective help directly to long-term unemployed people than the costly and impracticable proposals in the Select Committee report without damaging the continuing growth in new jobs in the economy. It will keep its measures under review and will continue to welcome comments and suggestions from the Select Committee on how they can be developed.

Annex

RESPONSE TO THE SELECT COMMITTEE REPORT ON LONG TERM UNEMPLOYMENT

The Proposal

1 The Committee proposes three programmes to generate a net increase of 3/4 million jobs for long term unemployed people to be built up over three years. On the Committee's own assumption this would involve provision of approximately 1.25 million additional places, when allowance is made for deadweight and substitution.

2 The Committee estimates the net cost of the programme at £3.3 billion in 1985-86 cash prices. Although detailed costings are not provided by the report, the implied costs of the Committee's proposals are summarised below.

Table 1

Cost Effect of Proposals on the Committee's Assumptions

	Gross Cost (£bn)	Numbers of places (millions)	Number of new jobs (millions)	Net Cost (£bn)	First year Net cost Per extra job (£,pa)
Building Improvement Programme	2.3	0.3	0.3	1.5	5,000
Social Services and Health	0.7	0.1	0.1	0.4	4,000
Subsidy	1.8	0.85	0.35	1.4	4,000
	4.8	1.25	0.75	3.3	

These cost estimates seem highly optimistic as will become clear from a detailed examination of the three component programmes.

Building Improvement Programme

3 This scheme is similar to the Community Programme but specifically targeted at housing renovation, renovation of schools and hospitals, minor road repairs, and site clearance and environmental improvement.

4 For the reasons discussed in paragraph 15 of the memorandum it must be doubted whether there is scope for huge expansion in this area on the lines the Select Committee is proposing. If it were possible on the scale envisaged, it would almost certainly lead to major deadweight, substitution and displacement effects. Substitution on the Community Programme is currently estimated at only 4%. However, a scheme on the scale proposed by the Select Committee would inevitably lead to an increasing proportion of necessary repairs and maintenance being carried out under the auspices of the proposed programme with the formerly long-term unemployed replacing those currently in employment. The net cost per job estimates would clearly be higher, the greater the degree of substitution and displacement.

5 The Committee in discussing the possibility that the Programme will displace local authority or private sector projects which would otherwise have gone ahead, argues that money saved by ratepayers or individuals will lead to increased spending elsewhere, thus generating employment. But to the extent that money saved by ratepayers or individuals is offset by the extra taxation required to pay for the renovation programme there is no assurance that there would be a net increase in employment; any employment generated in this way would probably be less than the jobs lost through the contraction of renovation work outside the proposed scheme.

6 Substitution is also likely to occur between the building improvement programme and the Community Programme which the Committee envisages continuing. The Community Programme pays a maximum overall weekly wage of £67 and would be likely to lose work and participants to the proposed Scheme.

7 Finally, it seems likely that gross costs per job have been seriously under-estimated as no allowance has been made for sponsors' management costs and other overheads incurred in running the scheme. The experience of Community Programme suggests that these could be substantial and it is difficult to see how the scheme could get off the ground without such expenditure. Taking account of this additional expenditure and on the assumption that one-third of the jobs would have been carried out anyway, the net cost per job under this proposal would rise to £9,500.

Social Services and Health

8 The Committee proposes that 50,000 long-term unemployed people should be recruited to social services and a further 50,000 to the NHS; working in community care, cleaning, laundry and catering. An average maximum wage of £120 would be paid by the MSC for one year per participant. The practical problems of this proposal are examined in the main report.

9 Even if it proved practicable to provide places on this scale, the Committee's basis of zero deadweight, displacement and substitution seems implausible, even on the most optimistic assumptions. In NHS community services, substitution for skilled professional staff is less likely, but hospitals might choose to recruit formerly unemployed people on the scheme as nursing auxiliaries instead of recruiting from other sources, and the same problem might arise with less skilled jobs in Social Services Departments.

10 The Committee expresses the hope that at the end of the year the workers could be kept on on an unsubsidised basis, and that the employer would at that point take on other subsidised workers. This does not seem likely; it assumes a much higher turnover of staff in the NHS and Social Services than is current. Furthermore it ignores the fact that, with each succeeding year of the scheme, it

would become more and more difficult to absorb even a small proportion of the 50,000 temporary workers. It should also be noted that this process does not lead to a net increase in employment (other than for long-term unemployed people) unless workers are kept on beyond the year of the subsidy without being substituted for other workers.

11 The Select Committee also makes the assumption that the gross cost is the average wage and makes no allowance for costs of administration, recruitment, training and supervision, which are likely to be substantial. The gross cost of this part of the project has therefore been underestimated, and is likely to be in excess of £0.9 billion, while the net cost per job is likely to be about £7,000.

Wage Subsidy

12 This proposal is for a subsidy of £40 per week for a year to be paid to private sector employers (outside construction) for each person recruited from among the long-term unemployed.

13 The Committee's proposal assumes that 850,000 people would be covered by the subsidy and that this would generate some 350,000 new jobs when fully operative. These assumptions seem to be highly optimistic particularly given the voluntary nature of the scheme and the considerations set out in paragraph 24 of the main memorandum.

14 The proposed subisdy is set at £40 on the grounds that to subsidise a formerly long term unemployed person at the cost of £2,000 will save approximately £2,000 in benefit. But the calculations of effectiveness of total benefit savings and of net exchequer costs are highly sensitive to assumptions about deadweight. The Committee assumes 60% deadweight, hence its calculation that 850,000 subsidies would create 350,000 extra jobs. A more realistic assumption on previous experience, is that deadweight would be at least 75%. On this basis, if the Committee's estimated deadweight of 500,000 is accepted, then the total coverage of the subsidy would be no higher than 670,000.

15 Even if it were practicable to reach the Committee's target of 850,000 jobs, the increasing displacement and substitution which would arise from a subsidy on this scale would mean that many fewer than an extra 350,000 jobs could be created. There would be a tendency in recruitment to substitute long-term unemployed people for those who had been unemployed for a shorter time. Employment benefiting from the subsidy would be likely to displace unsubsidised employment elsewhere in the economy. On the alternative assumption - itself arguably optimistic - that deadweight, substitution and displacement together were 80% the net increase in jobs would be of the order of 170,000 jobs and the net cost per extra job would rise to nearly £8,500.

The total package

16 To sum up, the difficulties of implementing the Select Committee's package make it highly unlikely that the level of coverage necessary to provide a guarantee to all long-term unemployed people could be attained. Even if the practibility of the Committee's package is accepted, it would not produce the net increase of 750,000 extra jobs which is the Committee's target. On the basis of the discussion in the previous paragraphs the best estimate, in the unlikely event of the proposals proving practicable, is that

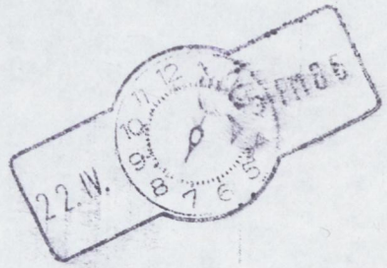
- the building and social services programmes might produce in the region of 250,000 -300,000 extra jobs at a net cost per job of over £7,000 for the social services programme and £9,500 for the building programme.

- the subsidy might produce up to 170,000 new jobs at a net cost of £8,500 per extra job.

On the most optimistic assumption, therefore, the Committee's package is unlikely to produce more than 450,000 extra jobs, at a net cost per job of between £8,000 and £9,000.

17 The programme is regarded as additional to the existing measures for the long term unemployed people , but it is not clear that some of these measures could work together. The average maximum wage limits of £105 (for renovation) and £120 (for social services and health) would be operating next to Community Programme, where the average wage is £67 in 1985-86 cash prices. We have also drawn attention to the £60 subsidy to certain of the long-term unemployed which would result from the simultaneous operation of the wage subsidy and Jobstart allowances.

18 Expenditure on the package is assumed on the Committee's estimate to build up over three years to reach a peak of £3.3 billion in 1985-86 prices. Additional spending on this scale would preempt the scope for tax reductions necessary to stimulate enterprise and employment. Alternatively the package might be financed by increased borrowing which would have consequences for interest rates, exchange rates, and inflation. Whatever option is chosen, any short term gains for output or employment would be offset by adverse macro economic effects beyond the short run.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FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

7 April 1986

Dear Mark,

GOVERNMENT RESPONSE TO THE COMMITTEE ON WELSH AFFAIRS
REPORT ON COASTAL SEWAGE POLLUTION IN WALES

My Secretary of State proposes to publish the Government's response to the Committee on Welsh Affair's Report on Coastal Sewage Pollution in Wales on ... Wednesday 9 April. I enclose a copy of the amended printer's proof of the White Paper. The contents of the response have been cleared with members of H Committee and interested Ministerial colleagues and the attached draft takes account of their comments. It is not expected that the content of the response and its publication date will give rise to any Parliamentary problems. I shall be grateful for agreement to the response being published on 9 April.

/ I am copying this letter to the Private Secretaries to the Lord President, Leader of the House, Paymaster General, Chief Whip and to Mr Bernard Ingram.

Yours Sincerely

Colin Williams

R C WILLIAMS

Mark Addison Esq
No 10 Downing Street

Government Response to the Committee on Welsh Affairs' Report on Coastal Sewage Pollution in Wales

Presented to Parliament by the Secretary of State for Wales *by Command of Her Majesty*

April 1986

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CHAPTER	SUBJECT
1	Introduction
2	Survey of Bathing Water Quality
3	Controlling Discharges from the Land
4	Control of ~~Dumping~~ Disposal at Sea
5	Construction of Improved Outfalls and their Financing
6	Coastal Waters and Health
7	Research

ANNEX

WI letter 21/85: Survey of Bathing Waters

Government Response to the Committee on Welsh Affairs' Report on Coastal Sewage Pollution in Wales

1. INTRODUCTION

Introduction

1. The Government welcomes the Committee on Welsh Affairs' Report on Coastal Sewage Pollution in Wales. The Committee's report comes at a time when considerable interest is being shown in the quality of bathing waters and the steps that are being taken to ensure that improvements are made where standards are unsatisfactory. The Committee's report endorses many of the points made by the Royal Commission on Environmental Pollution in their Tenth Report and applies them to the particular case of Wales. The Government is committed to improving the bathing waters around the United Kingdom coastline and is addressing the problems caused by coastal sewage pollution in a number of ways. Firstly it is surveying bathing water quality around the coastline in order to establish the true position and scale of the problem; secondly it is introducing controls on discharges to coastal waters from the land through the Control of Pollution Act 1974; thirdly it is strengthening the control of disposal at sea through Part II of the Food and Environment Protection Act 1985 (which replaces the Dumping at Sea Act 1974); fourthly the Government is ensuring that increased financial resources are available to the Water Authorities for capital works, including new and improved sea outfalls; fifthly it is keeping under review the effects on health of sewage pollution of coastal waters; and sixthly the Government is continuing to fund research into the effects of sewage discharges on the marine environment. Each of these measures is examined in further detail below, together with the Government's comments upon the specific recommendations made by the Committee.

2. In England and Wales Water Authorities are responsible for sewerage and sewage treatment and disposal. Separate arrangements exist in Scotland and Northern Ireland. However the principles in this response, as applied to water authorities, have general applicability throughout the United Kingdom.

2 SURVEY OF BATHING WATER QUALITY

Survey of Bathing Water Quality

3. In its response to the Tenth Report of the Royal Commission on Environmental Pollution, the Government said that

> "coastal bathing waters (defined for example by sites with lifeguards or at which changing huts, car parks or toilets are provided on a substantial scale for bathers) should be monitored. We will soon open discussions with the authorities concerned on monitoring these waters . . .".

2.2 4. The Government is advised on how this undertaking might be carried forward, by a Working Group comprising representatives from the Water Authorities, the Local Authority Associations and the tourist industry, as well as relevant Government Departments. The Group has not been able to agree a formal definition of what constitutes a bathing water. It has been possible for the Group to agree upon some 370 popular bathing waters around the United Kingdom, which are to be monitored for a 2 year period. The Government announced the survey on 18 December 1985 and a copy of the letter to water authorities setting up the survey and a complete list of the waters to be monitored is attached at Annex 1. The list of waters was compiled with advice from interested Local Authorities and in many areas arrangements are being made for the sampling to be undertaken by the Local Authorities on behalf of the Water Authorities. The prime aim is to establish whether the selected bathing waters meet EEC directive standards. Particular attention will be paid to the coliform counts, which are the primary indicators of faecal pollution but, in addition, Water Authorities are being asked to test all the imperative parameters included in the EEC Bathing Water Directive. The results will permit a proper assessment to be made of compliance with the Directive's standards.

2.3 5. Whilst the survey now under way does not fully meet the Committee's criteria for a fully independent survey of bathing waters (Recommendation 3), the Government believes that the action it has initiated through the Water Authorities and District Councils, provides the most practical and cost-effective way of obtaining a comprehensive survey of bathing waters around the Welsh coastline. Corresponding arrangements are being adopted for the remainder of the United Kingdom.

2.4 6. The Committee recommended that the results of water quality surveys on Welsh beaches should be published (Recommendation 7). The Government accepts this recommendation and will publish the results of the current survey. In addition, the Committee are aware that the Welsh Water Authority normally publishes the results of their surveys of bathing waters.

2.5 7. The Committee has recommended that the results of water quality monitoring of bathing waters, designated under the EEC Directive, should be displayed locally as in France (Recommendation 5). The Government understands that the local display of information in France is normally by means of a notice at the local town hall. The Government believes that the existing means of informing interested members of the public of bathing water quality, by publications such as the Golden List of Beaches in England and Wales, are as effective as the French system. However the Government does not object to local authorities displaying information on bathing water quality where this is available.

for example

of the survey mentioned above the

2.6 8. Whilst the Government appreciate the Committee's desire for a comprehensive survey of all waters around the Welsh coastline (Recommendation 7), the Government believes that the limited resources available to undertake this work both in terms of qualified personnel and finance, should be directed to the more important bathing waters. These are the areas where the Water Authority believe that they need information on the quality of particular waters for comparative or future planning purposes. Thus no totally comprehensive survey is planned.

2.7 9. The Government accepts the Committee's view that duplication of effort on the sampling of bathing water should be avoided. The Government is not aware that this is a particular problem. Liaison between the Welsh Water Authority and the Maritime District Councils is ~~said to be~~ good and the Government is satisfied that joint working parties would be set up wherever the parties concerned judged it to be advantageous, (Recommendation 4).

2.8 10. The Committee recommended that the selection criteria for bathing waters to be identified under the directive should be reviewed and a realistic number of bathing waters included (Recommendation 6). In their evidence to the Committee the WWA indicated that improving coastal water quality fell into one of their lowest priority categories. The Committee themselves also recognised that there is going to be a cost to water charge payers in improving coastal water quality, and in their report cautioned the WWA and the Government to take this factor into account in formulating policy (Recommendation 15). The Government accepts that, if waters are to be improved and identified under the EEC Directive, a balance has to be struck between the demands for improvement and the price the consumer is prepared to pay. In addition, the number of designations by any member state is likely to be related to its geographical position, and since sea bathing is not so commonly practised in the UK as in some other EEC countries, relatively smaller numbers of waters are likely to be designated. The Government believes that it is important that identification of further bathing waters is made in the full knowledge of their existing state and the likely cost of bringing them up to the EEC standard, where necessary. Thus the Government will re-examine the criteria for identification of bathing waters in the UK in the light of the evidence arising from the present survey and other relevant information.

3 CONTROLLING DISCHARGES TO LAND

Controlling Discharges from the Land

3 11. In presenting their evidence to the Committee, the Welsh Office indicated that the Government intended to bring the remaining discharges from land to coastal waters, which are presently exempted by an Order under the Control of Pollution Act 1974 (COPA), within the controls of the Act. These essentially fall into 2 groups, certain existing discharges by Water Authorities, and numerous, mostly small, private discharges.

3 2 12. The Government intends shortly to make the necessary Order which will bring these discharges within the controls of COPA. It is proposed that dischargers will make application within 12 months of the order coming into operation, for a "deemed consent". The deemed consent will allow the existing discharge to lawfully continue as at present. It is contemplated that the order will further provide that all such consents will be reviewed within a period of years. The consent will then be granted either on the deemed consent terms or subject to new conditions. The objective will be to improve the quality of the receiving waters. The Committee's recommendation (Recommendation 1) will therefore be met in full.

4 CONTROL OF DISPOSAL AT SEA

Control of Dumping at Sea

4 13. The Ministry of Agriculture, Fisheries and Food is responsible for day-to-day control and monitoring of disposal at sea under Part II of the Food and Environment Protection Act 1985, which has replaced the Dumping at Sea Act 1974. In the case of disposal in Welsh coastal waters, the Ministry acts as the agent for the Secretary of State for Wales.

4 2 14. The Government appreciates and shares the desire of the Committee for the closest possible discussion between the public authorities responsible for the control of pollution in the coastal waters of Wales. Indeed, as the Committee is aware, the Ministry of Agriculture, Fisheries and Food regularly consults the Welsh Water Authority on any application for a licence for sea disposal off the coast of Wales. This arrangement works well and we have no reason to believe that it could be improved by introducing a statutory basis for it. Indeed in many cases, including that of the Welsh Water Authority, the requirement is superfluous in that the Water Authority is responsible for both the disposal operation and for pollution control in coastal waters. The Committee is aware that sea disposal licences are issued only after careful scientific assessment and that disposal sites are regularly monitored, so that the appropriate action can be taken whenever necessary to avoid environmental damage from sea disposal. Accordingly, the Government does not consider that the circumstances are such as to warrant the adoption of the Committee's recommendation (Recommendation 2), at this time. The position will, however, be kept under review.

5 CONSTRUCTION OF IMPROVED OUTFALLS AND THEIR FINANCI

Construction of Improved Outfalls and their Financing

5 1 15. The Government notes that all witnesses supported the disposal of sewage to sea, after screening and maceration, via properly sited and constructed long sea outfalls where this was an available option. The Government welcomes the support and encouragement that the Committee gives to the continuance of this established method of treatment and disposal of sewage (Recommendation 13).

5 2 16. At present all Water Authorities, bar one, construct their new or substantially altered sea outfalls so that their discharges do not bring surrounding bathing waters below the EEC Directive's bacteriological standards. The Government intends that in future all new or substantially altered sea outfalls will have to be constructed so that their discharges meet the EEC Directive bacteriological standards in surrounding bathing waters. This control will be operated via the discharge consent procedures under COPA.

The Welsh Water Authority, like the English water authorities, normally construct their new or substantially altered sea outfalls so that their discharges do not bring adjacent bathing waters below the EEC Directive's bacteriological standards. Generally, the Government will require this approach to continue and will implement this necessary controls through the discharge consent procedure under COPA

5 3 17. The Committee noted that the WWA's expenditure on maintaining and improving sea outfalls is increasing. The Government is committed to ensuring that the infra-structure for the basic water authority services is not only maintained but improved and is, through its financial controls, ensuring that the resources available to the industry for capital works are steadily increasing. The Government is confident that the WWA should be able to undertake the necessary capital expenditure on maintaining and improving sea outfalls over the foreseeable future, commensurate with their priority. Thus the Committee's recommendations (Recommendations 13 and 14), will be met.

5.3 18. The Government has recently announced that they intend to privatise the Water Authorities in England and Wales. This will in no way affect the requirements for authorities to comply with the EEC Directive on Bathing Waters. The Government intends that the progress now being made will continue through enforceable controls on environmental standards

5.4 19. Once privatised, the WSPLC's will no longer be subject to the Government's financial control regime for nationalised industries and thus the Committee's recommendation on ERDF receipts will no longer be relevant (Recommendation 16). The Government will be exploring with the Commission of the European Communities the continuance of EEC grant aid to the water industry after privatisation.

6. COASTAL WATERS AND HEALTH

Coastal Waters and Health

6.1 20. The Committee's report discusses the evidence on whether bathing in sewage contaminated sea water is a risk to health. Though a number of witnesses called for an epidemiological research programme to update the 1959 advice in an attempt to establish whether there was a risk to health from bathing in sewage polluted waters, the Committee agreed with the Welsh Office evidence that such a study could not be given a high priority. The Government confirm this view.

6.2 21. The Committee recommend that there should be total exclusion of faecal solids from bathing waters and compliance with the bacteriological standards of the EEC Directive (Recommendation 9). The Government considers that bathing waters other than those formally identified under the Directive, should where possible, also meet the bacteriological standards set in the EEC Directive as an added safeguard to public health.

6.3 22. The Committee recommended that the Environmental Health Officers of the ADC should increase their efforts to make the public aware of the danger of eating shellfish that have not been properly treated and purified (Recommendation 10). The Government will ensure that this recommendation is brought to the attention of district councils and the Committee of Welsh District Councils.

7. RESEARCH

Research

7.1 23. The Committee made a number of recommendations concerning research. The recommendation that the Welsh Water Authority virology laboratory should be retained (Recommendation 11), is a matter for the Authority. However the Government accepts that the work being undertaken by this laboratory is valuable, and the Committee's proposal that the laboratory should undertake contract work for other water authorities is supported by the Government since it is very much in line with the Government's proposals for "Privatisation of the Water Authorities in England and Wales" (command 9734). In the White Paper the Government says:-

> "WSPLC's, like other private technology-based organisations, would need a sound research and development capability. The licence would require WSPLC's to carry out or obtain adequate research and development for their responsibilities." (Paragraph 61).
>
> And the paper goes on to say in paragraph 64
>
> "WSPLC's could also compete to provide other WSPLC's with services, such as laboratory analysis . . .".

7.2 24. The Government accepts that more research is required into the fate of viruses discharged to the sea in sewage (Recommendation 8). The Government will be considering what line further research on this subject should take and will in due course allocate the necessary resources for the work to be undertaken.

The Government will be considering what further research is required and how resources are best allocated to take account of this priority

7.3 25. The Government is continuing to fund research into the factors producing algal blooms and is thus meeting the committees recommendation on this subject (Recommendation 12)..

26. The Government is satisfied that the relevant standards for the protection of the marine environment are being met both in Swansea and Liverpool Bays. So far as Liverpool Bay is concerned, consideration is being given to the identification of potential alternative sites in case the need for one should arise (Recommendation 12).

WI WI 21/85

ANNEX

Letter, dated 18 December 1985, from the Department of the Environment and Welsh Office to the Chief Executive of Water Authorities in England and Wales

SURVEY OF BATHING WATERS

On 18 April 1985 we sent WI letter 8/1985 to water authorities to request that they should, in consultation with the relevant district councils, select coastal bathing waters to be monitored over a period of two years according to the regime laid down in the 'bathing water' Directive (76/160/EEC). Chief Executives gave their agreement to the survey at their meeting with the Department of the Environment on 1 May 1985.

2. This request was clarified in letter WI 13/1985, which was sent out on 9 August 1985. The lists of bathing waters submitted in response to this letter were considered by the Bathing Water Advisory Group at its meeting held on 26 November. On the basis of the advice of that Group, and after discussion with the representatives of each authority concerned, we have now agreed that the bathing waters to be included in the survey for England and Wales will be those shown in Annex 1. For information, the lists of the bathing waters expected to be surveyed in Northern Ireland and in Scotland are given in Annex 2. Annex 3 adds the 27 waters identified and already monitored for the purposes of the Directive. In total, Annexes 1, 2 and 3 comprise 369 waters.

3. Inclusion of a bathing water in the new lists does not imply that it will be formally identified in the sense of the Directive. The purpose of the survey is to provide information on bathing water quality as an objective basis for decisions on a bathing water strategy and the possible provision, given other priorities, for remedial works.

4. The making of the survey is, of course, without prejudice to water and local authorities' discretion to measure the quality of coastal water at other sites.

5. Water authorities have already begun to survey some of the listed waters; work on the remainder will start in 1986. The survey of each bathing water will be carried out over two consecutive bathing seasons and the results should be returned to the Department or the Welsh office, as appropriate, not later than 30 November after each bathing season. It is expected that the results will be published.

6. In the Commons today, Mr Waldegrave announced that this work is now in hand. A ~~copy of the DOE~~ Press Notice is attached.

7. Copies of this letter are being sent to the Secretaries of the Water Authorities Association and the Water Companies Association; the heads of the Land Drainage and Fisheries Divisions of MAFF; the Chief Engineer, Civil Engineering and Water Services Directorate, Scottish Development Department; the Assistant Secretary, Conservation Division, Department of the Environment for Northern Ireland; the Secretaries of the Association of District Councils and the Association of Metropolitan Authorities and the Under Secretary (Wales) of the Welsh Office of the Association of District Councils.

8. Enquiries about this letter may be addressed to Dr E A Simpson, Room A436, Romney House, 43 Marsham Street, London SW1P 3PY (telephone 01-212 5815) in DOE or to Mr L Pavelin, Room 2-002, Cathays Park, Cardiff CF1 3NQ (telephone 0222 824~~147~~) in the Welsh office.

3139

ANNEX I

Lists of bathing waters in England and Wales to be included in the survey

North West Water Authority

District Council	Beach
Wyre	Cleveleys
Wyre	Fleetwood
Blackpool	Squires Gate to South Shore
Blackpool	South Shore to Central Pier
Blackpool	Central Pier to North Shore
Blackpool	North Shore to Cleveleys
Lancaster	Morecambe (West End Pool to Sandylands Pool)
Lancaster	Morecambe (West End Pool to Leisure Park)
Lancaster	Morecambe (Bare Pool to Town Hall slipway)
Lancaster	Morecambe Town Hall to Leisure Park
Lancaster	Heysham
Wirral	Pasture Road, Moreton
Wirral	Dove Point, Meols
Wirral	New Brighton
Fylde	St Annes
Barrow-in-Furness	Walney Island, West Shore
Barrow-in-Furness	Askam-in-Furness
Barrow-in-Furness	Walney Island, Sandy Gap
Barrow-in-Furness	Walney Island, Biggar Bank
Barrow-in-Furness	Roan Head
Copeland	St Bees
Copeland	Seascale
Copeland	Haverigg
Copeland	Silecroft
Allerdale	Silloth
Allerdale	Allonby
South Lakeland	Bardsea
Sefton	Ainsdale
Sefton	Southport
Sefton	Formby

30 waters

District Council	Bathing Water
North Tyneside	Whitley Bay
North Tyneside	Tynemouth
Langbaurgh	Redcar
Langbaurgh	Saltburn
Sunderland	Whitburn/Roker
South Tyneside	South Shields
Blyth Valley	South Beach/Seaton Sluice
Hartlepool	Seaton Carew
Wansbeck	Newbiggin
Castle Morpeth	Druridge Bay
Easington	Crimdon
Alnwick	Warkworth
Berwick	Bamburgh/Seahouses
Alnwick	Alnmouth
Berwick	Beadnell

15 waters

District Council	Bathing Water
Scarborough	Filey
Scarborough	Whitby
East Yorkshire	Skipsea
Holderness	Withernsea
Scarborough	Cayton Bay
Scarborough	Sandsend
Scarborough	Robin Hoods Bay
Holderness	Hornsea
East Yorkshire	North Landing, Flamborough
Scarborough	Reighton Sands
Scarborough	Runswick Bay
East Yorkshire	Wilsthorpe
East Yorkshire	Fraisthorpe
East Yorkshire	Earle's Dyke
Holderness	Turstall
East Yorkshire	Barmston
East Yorkshire	South Landing, Flamborough

17 waters

*Anglian Water Authority**

Skegness
Ingoldmells
Chapel St Leonards
Anderby Creek
Moggs Eye
Mablethorpe/Sutton-on-Sea
Cleethorpes

Hunstanton
Heacham

Yarmouth (three waters)
Lowestoft (two waters)
Cromer
Sheringham
Felixstowe (two waters)
Wells
Mundesley

Clacton
Walton
Dovercourt
Frinton
Jaywick
Brightlingsea
Holland

* Consultation with local authorities had not been completed when this letter was drafted, and there may be a few changes to this list.

27 waters

Beach Location

Ventnor
Bambridge
St. Helens
Cowes
Compton Bay
Whitecliffe Bay
Totland Bay
Seagrove
Colwell Bay
Gurnard
Margate
Ramsgate
Broadstairs
Folkestone
Camber Sands
St. Mildreds Bay
Herne Bay
Hythe
Joss Bay
St. Margarets Bay
Sandgate
West Beach
Minnis Bay
Deal Castle
Sandwich Bay
Littlestone
St. Marys Bay
Dymchurch
Leysdown
Southsea, South Parade Pier
West Hayling
West of Eaststoke
Stokes Bay
Lee-on-Solent
Eastney
Highcliffe
Milford-on-Sea
Calshot
Lepe
Christchurch Bay (Barton-on-Sea)
Brighton
Eastbourne
Hastings
Hove
Bognor Regis
Pevensey Bay
Littlehampton
Worthing
Bexhill
Rottingdean & Saltdean
Middleton on Sea
Bracklesham
Norman's Bay
Selsey
West Wittering
Southwick
Seaford
Winchelsea
Newhaven
Shoreham
Pagham

61 waters

Wessex Water Authority

Local Authority Area	Bathing Water
Woodspring	Clevedon (beach near the swimming pool) Weston-super-Mare extension (between R. Axe & existing classified bathing water) Sand Bay
Sedgemoor	Brean Berrow Burnham on Sea } (continuous beach Brean Down to River Brue)
West Somerset	Blue Anchor Dunster Minehead Porlock Weir
West Dorset	Charmouth Seatown Eypemouth West Bay (West)
Weymouth & Portland	Portland Harbour Weymouth Extension Church Ope Cove Bowleaze Cove
Purbeck	Ringstead Durdle Door (east and west) Lulworth Cove Kimmeridge Studland Shell Bay
Poole	Poole Harbour: Lake Rockley Sands Shore Road
Bournemouth	Hengistbury Head (east) Mudeford Sandbank (west)
Christchurch	Friarscliffe Highcliffe

31 waters

Adjacent Community	Beach
Lyme Regis	Lyme Regis
Seaton	Seaton
Beer	Beer
Sidmouth	Sidmouth
Budleigh Salterton	Budleigh Salterton
Exmouth	Sandy Bay
Exmouth	Exmouth
Dawlish Warren	Dawlish Warren
Dawlish	Dawlish
Teignmouth	Teignmouth
Shaldon	Shaldon
Shaldon	Ness Cove
Torquay	Maidencombe
Torquay	Watcombe
Torquay	Babbacombe
Torquay	Redgate
Paignton	Hollicombe
Brixham	Shoalstone
Brixham	St. Mary's
Dartmouth	Dartmouth Castle and Sugary Cove
Stoke Fleming	Blackpool Sands
Torcross	Slapton Sands
East Portlemouth	Millbay
Salcombe	North Sands
Salcombe	South Sands
Hope Cove	Hope Cove
Thurlestone	Thurlestone
Bantham	Bantham
Bigbury	Bigbury
Challaborough	Challaborough
Mothecombe	Mothecombe
Wembury	Wembury
Down Thomas	Bovisand
Plymouth	Plymouth Hoe
Seaton	Seaton
Looe	East Looe
Fowey	Readymoney
Polkerris	Polkerris
Par	Par & Spit
St. Austell	Crinnis/Carlyon Bay
Charlestown	Charlestown & Duporth
Porthpean	Porthpean
Pentewan	Pentewan
Mevagissey	Polstreath
Portmellon	Port Mellon
Gorran Haven	Gorran Haven
Caerhays	Portluney
Veryan	Pendower
Falmouth	Gyllyngvase
Falmouth	Swanpool
Falmouth	Maen Porth
Porthallow	Porthallow
Porthoustock	Porthoustock
Coverack	Coverack
Kuggar	Kennack Sands
Porth Mellin	Mullion Cove
Mullion	Polurrian Cove
Mullion	Poldhu Cove
Gunwalloe	Gunwalloe Cove

Adjacent Community	Beach
Porthleven	Porthleven
Praa Sands	Praa Sands
Marazion to Longrock	Marzion & Mounts Bay
Porthcurno	Porthcurno
Carbis Bay	Carbis Bay & Port Kidney
Hayle	The Towans (Hayloe to Gwithian)
Portreath	Portreath
Porthtowan	Porthowan
St. Agnes	Trevaunance Cove
Perranporth	Perranporth
Holywell	Holywell Bay
Crantock	Crantock
Newquay	Watergate
Trenance	Mawgan Porth
Treyarnon	Treyarnon Bay
Trevone	Trevone Bay
Harlyn	Harlyn Bay
Rock	Rock
Trebetherick	Baymer Bay
Polzeath	Polzeath
Widemouth Bay	Widemouth Sand
Bude	Bude
Hartland	Hartland Quay
Westward Ho!	Westward Ho!
Instow	Instow
Saunton	Saunton Sands
Croyde	Croyde Bay
Woolacombe	Woolacombe Sand
Ilfracombe	Ilfracombe
Combe Martin	Combe Martin
Lynmouth	Lynmouth

90 waters

Welsh Water Authority

Barry
Southerndown
Trecco Bay
Sandy Bay
Rest Bay
Aberavon
Swansea Bay
Bracelet Bay
Caswell Bay
Limeslade Bay
Langland Bay
Oxwich Bay
Port Eynon Bay
Rhossili Bay
Pembrey
Pendine
Amroth
Saundersfoot
Tenby
Broadhaven
Newgale
Whitesands Bay
Newquay
Aberystwyth
Borth
Tywyn
Fairbourne
Barmouth
Llandanwg
Harlech
Morfa Bychan
Criccieth
Pwllheli
Abersoch
Trearddur Bay
Llandudno
Colwyn Bay
Kinmel Bay
Rhyl
Prestatyn

40 waters

ANNEX 2

Lists of bathing waters in Northern Ireland and Scotland to be included in the survey

Northern Ireland

Benone, County Londonderry
Castlerock, County Londonderry
Portstewart, County Londonderry
Portrush, Co Antrim
Helen's Bay, Co Down
Crawfordsburn, Co Down
Bangor (Ballyholme), Co Down
Groomsport, Co Down
Millisle, Co Down
Newcastle, Co Down
Cranfield, Co Down

11 waters

Scotland

River Purification Board	Water
Highland	Nairn
North East	Aberdeen
	Cullen
	Fraserburgh
Tay	Arbroath
	Carnoustie
	St. Andrews
Forth	Aberdour
	Gullane
	Kinghorn
	North Berwick
	Yellowcraigs
Tweed	Pease Bay
Solway	Sandyhills
Clyde	Ayr
	Girvan
	Irvine—Gailes
	Prestwick
	Saltcoats (Ardrossan)
	Troon (south)

20 waters

ANNEX 3

Bathing waters formally identified under Directive 76/160/EEC

Scarborough, North Bay
Scarborough, South Bay
Bridlington, North Beach
Bridlington, South Beach
Southend, Thorpe Bay
Southend, Westcliff
Margate
Ryde, East Sands
Sandown, Esplanade
Sandown, Shanklin Chine
Christchurch
Bournemouth
Poole
Swanage
Weymouth
Torquay, Oddicombe
Torquay, Meadfoot
Torquay, Torre Abbey
Paignton, Paignton Beach
Paignton, Goodrington
Paignton, Broadsands
Penzance, Sennen
St. Ives, Porthmeor
St. Ives, Porthminster
Newquay, Fistral
Newquay, Towan
Weston-super-Mare

27 waters

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Whitehall London SW1A 2AZ

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Exchange on- 210-3000

OK?
Told NR 21/3

Miss Nicky Roche
Parliamentary Clerk
Prime Minister's Office
10 Downing Street
LONDON SW1

Your reference

Our reference

Date 19 March 1986

Who is Nicky Roche?

Dear Nicky

OK N

COMMAND PAPER PUBLICATION

On Wednesday 26 March we propose to lay before Parliament the following Command Paper:-

Accounts of the Northern Ireland Housing Executive for year ended 31 March 1985.

The Accounts do not contain anything controversial. I am copying this letter to Mr Hill in the Lord Privy Seal's Office.

Yours sincerely
Nigel Walker

N R WALKER
Parliamentary Section

W.

1986-03-19 15:46 01 210 6550 NIO LDN PARLY SECTION 028 P01

NORTHERN IRELAND OFFICE
Whitehall London SW1A 2AZ

Telephone Direct Dialling 01- 210-6552
Exchange 01- 210-3000

OK? Told NR 21/3

Miss Nicky Roche
Parliamentary Clerk
Prime Minister's Office
10 Downing Street
LONDON SW1

Your reference

Our reference

Date 19 March 1986

Who is Nicky Roche?

Dear Nicky

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Parliamentary Section

W.

1986-03-19 15:46 01 210 6550 NIO LDN PARLY SECTION 028 P01

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

10 March 1986

Dear Private Secretary

DEBATE ON THE MOTION ON THE EASTER ADJOURNMENT

This debate has now been provisionally arranged for Wednesday 26 March. This is subject to confirmation nearer the time.

As usual on these occasions, I am writing to all Private Offices to ask for briefing material that the Leader of the House will need when winding up. I attach a list of those topics on which we would welcome a short background note and a line to take. I would be grateful if these could be as brief as possible (maximum of one side of A4 for the background note and half a side for the line to take).

In an attempt to minimize the amount of effort that this exercise usually represents for departments, I have kept the list as short as possible. Whilst I always welcome any further briefing you wish to contribute, I would however ask you to limit your contributions to those subjects which are most likely to be raised.

In keeping with past practice, could you also send me the names and phone numbers of officials who could be contacted should briefing be required in the course of the debate. In view of the shortened list of briefing topics, this list of stand-by briefers will, as you can appreciate, be of considerable importance. I would be grateful if officials could be standing by between 4.00 pm and 8.30 pm on 26 March.

It would be helpful if you could let me have any briefing and your list of contacts by close of play on Monday 24 March at the latest.

Many thanks for your help.

Yours sincerely,

M H P HILL
Parliamentary Clerk

All Departments

MAFF:	Opium poppies
MOD:	Royal Military School of Music (Kneller Hall)
DES:	Teachers' Pay
EMP:	Unemployment figures; Wapping dispute - legislative implications
ENERGY	Bates Colliery/Colliery review procedure
DOE:	Nuclear Waste disposal; Lambeth and Liverpool surcharges
FCO:	EC Act; Nicaragua; South Africa; Middle East
DHSS:	Severe Weather Payments; Pensions uprating
HO:	Shops Bill; Child Brides; Immigration guidelines; Drug trafficking
MPO/OAL:	Arts funding post abolition
NIO:	Anglo-Irish Agreement
SCOTTISH OFFICE:	Forestry Commission
DTI:	British Leyland
DTp:	Channel Tunnel; Dartford Tunnel
HMT:	Effects of oil price fluctuations; JMB

CCPC

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215 5186
GTN 215) .....
(Switchboard) 01-215 7877

From the Minister of State for Industry

CJB
31/2

THE HON PETER MORRISON MP

The Rt Hon John Biffen MP
Lord Privy Seal
Lord Privy Seal's Office
68 Whitehall
London
SW1

28 February 1986

Dear John,

DEBATE ON DRAFT EC DIRECTIVE - POWERED INDUSTRIAL TRUCKS

I enclose a memorandum covering a recommendation by the House of Commons Select Committee on European legislation for a debate on the draft Council directive on specifications for powered industrial trucks (Document 6893/79). There is some urgency to arrange the debate before the end of March and I hope we can take comments by correspondence.

The main points for consideration are the timing and location of the debate (Paragraphs 15 and 16 of the memorandum). The UK could well be isolated in blocking the proposal at the 18 March Internal Market Council.

It would therefore be helpful to have the debate before the end of March to give us time to consider our position at the next Council which will be soon afterwards on 8 April. Regarding location, I should like a debate on the floor of the House but in view of the urgency you may consider it necessary to take it in Standing Committee.

I am copying this letter to Geoffrey Howe, David Young, Nicholas Ridley, members of L and OD(E) Committees, Sir Robert Armstrong and the secretaries of L and OD(E).

Yours ever,

PETER MORRISON

1FRBGW

CONFIDENTIAL

February 1986

Specifications for powered industrial trucks - recommendation for debate by House of Commons

Memorandum by the Minister for Industry

Scrutiny Committee Recommendations

The House of Commons Select Committee on European Legislation has recommended that the European Commission's proposal (the Proposal) for a Council Directive on the approximation of the laws of the Member States relating to self-propelled industrial trucks raises questions of political importance and should be debated. The Committee withdrew their earlier opinion that the proposal was also of legal importance. This was, however, prior to the introduction in the Council Working Party of an amendment to the draft which would require the UK to relax an existing legal requirement. The Scrutiny Committee has been advised of this amendment.

1FRBGV

The House of Lords Select Committee on the European Communities debated an earlier draft of this proposal on 17 June 1980.

Background

2.The purpose of the Directive is to remove non-tariff barriers to trade. The UK is a major manufacturer of powered industrial trucks both in European and World terms. Its 1984 exports to other EC Member States including parts totalled £48M whilst overall production for home and export exceeded £400m. Competing trucks are imported into the UK mainly from other Member States (particularly Germany), the USA, and Japan. Non-tariff barriers within the European Community continue to be identified by the British Industrial Truck Association (BITA) as a significant restraint on trade.

3. Most of the machines embraced by the title "powered industrial trucks" are used in industry and commerce for lifting and placing loads, and it is thus important that they are so designed as to minimise the possibility and ill consequence of accidents. The Proposal is concerned with construction and safety specifications for such trucks. It would provide for such trucks to be certified by their manufacturers as complying with the technical requirements set out in Annex 1 of the draft Directive and for this process to be supervised by Member States. The draft Directive is of the total harmonisation type which means that only those powered industrial trucks conforming to the Directive could be marketed within the EEC. New trucks made in the UK for use in the UK would need to conform but any trucks already in use within the United Kingdom would not be

required to do so. A number of separate appendices that deal with stability, noise measurement, visibility and dynamic and rolling tests will subsequently be annexed to the Directive.

4. What was originally of greatest concern to both Houses was the manner in which two clauses derived from 1979 French regulations were added to the Commission draft after the last meeting of the Commission Working Group, even though it was known that these additional requirements were opposed by most other Member States. The two clauses called for automotive-type pedal arrangements, and for removable fuel tanks. Both have been amended in subsequent negotiations at Council level. The fuel tank issue has been resolved to the satisfaction of all Member States; in practice few tanks will need to be removable. Agreement on the pedal arrangements remains elusive but the UK has recently become isolated from all other Member States.

5. The amendment referred to at paragraph 1 relates to a requirement in respect of a relatively small population of industrial trucks which have an elevating operator platform on which the worker stands to load and unload racking at some distance from the ground. The Factories Act currently requires the manufacturer to install a device to catch the platform if the primary lifting cables or chains should break. The Directive would remove this requirement and thus would reduce UK safety standards. As there is no UK experience of trucks not fitted with this safety device we do not know what increase in accidents might result, but other countries claim that the proposed new standard is satisfactory.

Impact on UK Law

6. The draft Directive would require the introduction of new UK legislation so as to prohibit the placing on the market or putting into service of non-complying equipment. Because the Department of Trade and Industry leads in the negotiations it will be responsible for implementation. The European Communities Act is now deemed to be the appropriate vehicle. The amendment referred to in paragraph 5 conflicts with the requirement for such safety platforms in Section 23(3) of the Factories Act 1961, and therefore if incorporated in the final version of the Directive would necessitate amendment of existing UK legislation. Such amendment could not be done under the Health and Safety at Work Act 1974 since Section 1(2) of that Act places a specific requirement on Ministers "to maintain or improve the standard of health, safety and welfare established by or under those enactments (then in force)".

Draft Motion

7. I suggest that the draft motion should be:-

"that the House takes note of European Community Document 6893/79 - a proposal for a Council Directive on the approximation of the laws of the Member States relating to self-propelled industrial trucks - and the latest draft proposal - and accepts the need substantially to reduce current non-tariff barriers to the exports of UK-based manufacturers whilst ensuring a satisfactory level of health and safety protection".

Proposed Line to Take in Debate

8. Our negotiating stance in Brussels is primarily to support the UK industry's desire to remove existing barriers to trade whilst containing the additional costs to be borne by manufacturers as a result of this exercise in harmonisation of construction and safety requirements. We are also concerned to protect existing safety standards in the UK and to secure improvement in those standards where this can be done without excessive cost.

9. We have consulted interested bodies such as BITA and the CBI, users, and insurers about the proposal on a regular basis and will continue to consult as appropriate. Taking due account of these consultations we have felt it necessary to put down reservations on points of particular concern to Industry and to Government.

Outstanding negotiating points in Directive

10. Pedal layout remains the most important technical issue in this Directive. The UK position is to argue for a greater degree of pedal standardisation both to reduce the technical barriers that now exist and in the interests of safety to take account of instinctive driver reactions in an emergency. Manufacturers should be allowed to retain some design flexibility. The UK believes that the text in the latest draft does not satisfy these objectives, although other Member States have not objected either to the content or to the manner in which this was introduced by the French at the final Council Working Party.

I propose to tell the House that we will continue to negotiate for changes to achieve a sufficient degree of standardisation while allowing up to two accelerators to the right of the brake. In this

way we achieve a compromise acceptable to UK manufacturers; satisfy undertakings given by Employment Ministers in this Administration to seek to achieve a greater degree of standardisation (Mr Gummer on 21 July 1984 and Mr Bottomley on 11 March 1985); and take due account of specific evidence of fatalities resulting from the use of non-standard pedals available to the Health and Safety Executive (HSE).

11. We shall continue to seek a reversal of the Working Party decision to reduce the safety standard for elevating operator positions. The difference between the draft Directive and the Factories Act may serve to unite those MPs whose proper concern is for an adequate level of worker protection with those others who are opposed in principle to the European Community and will attack this as an erosion of UK sovereignty. Other Member States claim that the proposed alternative is adequate. UK manufacturers will not have to bear additional costs whichever way the conflict is resolved.

Other points which may be of interest in the debate

12. On monitoring we have vigorously supported the proposal for self-certification ie confirmation by the individual manufacturer that the truck complies since this should substantially reduce the bureaucracy which might otherwise be required. We have nonetheless acknowledged the need for some policing by individual Member States. The monitoring would be done by an independent body in the name of the Member State but the costs would be passed back to the manufacturer or importer.

13. Some restriction in choice of new machines available to UK users is a possible consequence of the decision to have a total rather than an optional Directive. Those users who have been consulted have not objected to a total Directive, and indeed few reputable manufacturers will be affected by this restriction; those that do not comply will quickly adapt whilst users will immediately enjoy an increased level of protection from defective or inadequate equipment. MPs concerned for those small UK manufacturers of self-propelled industrial trucks who have chosen to take no interest in European or other overseas markets may view the Directive as an unnecessary burden. They can be assured that every attempt has been made by the UK in negotiation to contain any additional costs, but must also accept this as an unavoidable consequence of a wider single European market, and should be urged to look again at possible sales to other Member States.

14. The overall cost to manufacturers of compliance with the Directive arises in two ways. Firstly there is the cost of incorporating additional or different features within the trucks, including possible re-design. Secondly there is the cost of subsequent testing and monitoring. All of these charges might be expected to be borne by the eventual user. Against these disadvantages must be weighed the benefits gained from the removal of national regulations which as applied by other Member States generally favour their home industries. At present our exporters have to individually tailor models for France, Germany and Italy for example, and submit new models for expensive preliminary tests. There is little scope or incentive for volume production whilst such variations are maintained. Volume production of selected models in Japan has meantime cut their manufacturers' costs and led to dramatically increased sales into Europe, thereby increasing market pressures on European manufacturers. Lack of Community harmonisation

would be an additional burden in the UK industry's efforts to retain and improve its market share. On balance the Directive hold out the prospect of commercial and other benefits to the UK if there is movement on the major issues identified in paragraphs 10 and 11 above.

Timing of the Debate

15. The draft Directive is scheduled under a firm drive by the Dutch Presidency for adoption at the Internal Market Council on 18 March but we are unlikely to be in a position to agree to this. Negotiations are continuing in COREPER but of the six reservations on the draft, one is from Greece and 5 from the UK. There is the possibility of late movement in the interests of getting an acceptable package. It would be very helpful therefore if the debate could take place before 27 March.

Location of the Debate

16. The proposal which would reduce current UK safety standards is likely to be politically sensitive which might point to a debate on the floor of the House. However because of the technical nature of the Directive as a whole and the timing consideration already referred to, the debate could be taken in Standing Committee. The Scrutiny Committee first recommended the debate should be in Standing Committee but later changed to, and recently confirmed, a preference for a debate on the floor of the House.

Peter Morrison MP

Minister of State

Department of Trade and Industry

AM86

353/9

Miss Roche

Done
NR 28/2

This is OK

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 5532

Tim Flesher Esq
10 Downing Street
LONDON
SW1

27 February 1986

Dear Tim Flesher,

TREASURY MINUTE REPLYING TO THE FIRST TO FOURTH REPORTS OF THE PUBLIC ACCOUNTS COMMITTEE, 1985-86

The Treasury wishes to publish as a Command Paper a Treasury Minute in response to the Public Accounts Committee's First to Fourth Reports 1985-86. The text has been agreed between the Treasury and the Departments to whom the PAC reports were addressed; and approved by the Financial Secretary who has agreed to the Treasury Minute being publishesd in his name.

2. The Committee have expressed a wish to see the reply to their first Report on The Role and Responsibilities of Nominee Directors before continuing their enquiries, we suggest therefore that we publish the Treasury Minute at 3.30pm on Wednesday 12 March having laid it before Parliament on the previous day.

3. We should, as usual, supply copies of the Treasury Minute just before publication to the departments who have contributed to the reply, to PAC members to the C&AG and the Lobby.

4. I doubt that the Treasury Minute will attract much attention. It is not controversial and there are no particularly newsworthy features. I attach for information a list of the reports dealt with in the Minute with a brief description of the subject matter.

5. May we have your agreement to proceed with these arrangements.

6. I am sending copies of this letter to Murdo Maclean, David Morris and Bernard Ingham.

Richard Savage

R T SAVAGE
Deputy Parliamentary
Clerk

1576/011

PAC REPORTS COVERED BY THE TREASURY MINUTE

1St Report 1985-86: Role and Responsibilities of Nominee Directors

Requiring the Treasury to be vigilant to see that nominee directors play a role in ensuring that public funds provided to companies are protected so thereby assisting sponsor departments and NDPBs to monitor the investment of public funds.

2nd Report 1985-86: Nationalised Industries Sale of Subsidiary Companies and Other Assets

Proposing a number of precautions and improvements which the Department of Energy, Trade and Industry and Transport should take in future sales.

3rd Report 1985-86 Sale of Government Shareholdings in British Telecommunications plc

Recommending that the Treasury and other departments review arrangements for future sales of government shareholdings.

4th Report 1985-86: Control of Further Education Establishments

Requiring the Scottish Education Department to reexamine a number of assumptions about the structure, location and relationships of the institutions.

GOV Maen- announcements

Pile DSG (L04ABM)
cc BGV

10 DOWNING STREET

From the Private Secretary

18 February 1986

Dear David,

The Prime Minister has now seen the Lord Privy Seal's minute of 11 February about the report of the Procedure Committee on Public Bill Procedure. She has also seen the subsequent minute of the Minister for Agriculture, Fisheries and Food. The Prime Minister very much agrees with the Lord Privy Seal's conclusion that the Committee's proposal for a Legislative Business Committee to control time on Government Bills in Committee should be rejected, and she has further agreed to the tactics he proposes for dealing with the Report. For the future, however, she shares Mr. Jopling's reservations about the Lord Privy Seal's proposals for bringing forward to 50 hours the normal guillotine point in the Standing Committee proceedings. She believes that 50 hours might well look high-handed and would therefore hope that the Lord Privy Seal would adopt a flexible approach to the negotiations through the usual channels which he envisages in paragraph 8 of the background note attached to his minute.

I am copying this letter to the Private Secretaries to members of Cabinet, to Murdo Maclean (Chief Whip's Office) and to Michael Stark (Cabinet Office).

Yours ever

Tim.

Timothy Flesher

David Morris, Esq.,
Lord Privy Seal's Office.

PAC Reports covered by the Treasury Minute

29th Report 1984-85: Independent Broadcasting Authority: Additional Payments by Programme Contractors

Requiring the Home Office to re-examine the basis of the calculation of the "levy".

30th Report 1984-85: Unemployment Benefit Service. (Evasion, Fraud and Abuse)

Requiring the DHSS to set up an investigation to estimate the extent of undetected fraud and to improve measures to prevent evasion and fraud.

36th Report 1984-85: Fixed Rate Export Finance

Requiring Export Credits Guarantee Department to take steps to ensure that the facility is used to support Britain rather than foreign industry.

37th Report 1984-85: Financial Performance of the Covent Garden Market Authority

Requiring MAFF to adopt a more decisive and coherent strategy in determining the financial regime under which the Authority should work.

38th Report 1984-85: Investment Activities of the Scottish Development Agency, the Welsh Development Agency and the Highlands and Islands Development Board

Requiring the Scottish Office and the Welsh Office to take steps to improve monitoring and control systems so that they can set financial targets that the Agencies can meet.

17.11.

353/6

Miss Rocher
OK

Told NR 18/2. NR.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 5532

Tim Flesher Esq
10 Downing Street
LONDON
SW1

17 February 1986

TREASURY MINUTE REPLYING TO THE 29TH, 30TH AND 36TH - 38TH REPORTS OF THE PUBLIC ACCOUNTS COMMITTEE, 1984-85

The Treasury wishes to publish as a Command Paper a Treasury Minute in response to the Public Accounts Committee's 29th, 30th, 36th to 38th Reports 1984-85. The text has been agreed between the Treasury and the Departments to whom the PAC reports were addressed; and approved by the Financial Secretary who has agreed to the Treasury Minute being published in his name.

2. The reply to the 29th Report gives notice that the Government will give effect to one of the Committee's recommendations in the Finance Bill, we suggest therefore that we publish the Treasury Minute at 3.30pm on Wednesday 26 February having laid it before Parliament on the previous day.

3. We should, as usual, supply copies of the Treasury Minute just before publication to the Departments who have contributed to the reply, to PAC members to the C&AG and the Lobby.

4. I doubt that the Treasury Minute will attract much attention. It is not controversial and there are no particularly newsworthy features. I attach for information a list of the reports dealt with in the Minute with a brief description of the subject matter.

5. May we have your agreement to proceed with these arrangements?

6. I am sending copies of this letter to Murdo Maclean, David Morris and Bernard Ingham.

R.T. Savage

R T SAVAGE
Deputy Parliamentary Clerk

CBG1

010

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

Prime Minister:

I think 50 hours would look high-handed. A specific line is not as you will see, Mr Jopling, wearing his former Chief Whip's hat, is against the LPS proposal to try to get earlier guillotine. Dog you have a new

WITH JV 14/2

PRIME MINISTER

PROCEDURE COMMITTEE REPORT ON PUBLIC BILL PROCEDURE

I have seen John Biffen's minute of 11 February on the Government's reaction to the Procedure Committee's Report.

I am strongly in favour of his suggestion that we should reject the Committee's time-tabling proposals. But I am most concerned at his proposal to seek an agreement to bring forward to 50 hours the normal 'guillotine' point in the Standing Committee proceedings.

Over the last 6½ years we have carried out a highly radical legislative programme, whilst at the same time our use of the guillotine has been relatively sparing. I think I am correct in saying, that never once have we exceeded Michael Foot's famous 5 guillotines in one session. We have done this by using a much longer yardstick than 50 hours in Committee.

If we are now to make the guillotine procedure easier, this must be a bonus for opposition parties who see themselves as future Governments. In the event of our defeat at any future General Election, the subsequent Government would inevitably wish to spend a vast amount of time reversing our good work, by means of primary legislation. If we were to make it easier for them by endorsing guillotines at an earlier stage, it would inevitably lead to Governments being able to get significantly more primary legislation into the Statute Book in each session.

I do not think we ought to make this gift to the Opposition, when we are well able to continue to get the lion's share of our plans put into the Statute Book.

I am copying this minute to members of the Cabinet, to the Chief Whip and to Sir Robert Armstrong.

M J

M J
13 February 1986

14. II.
AM186

PRIME MINISTER

PROCEDURE COMMITTEE

Attached is a minute from the Lord Privy seal about the recent Report of the Procedure Committee which advocated that legislative time in Committee should be under the control of a "Legislative Business Committee" who will be responsible for automatic timetabling. The Lord Privy Seal's view is that it is quite unacceptable for the Government to abrogate its control of the legislative time-table and handed over to a Committee of the House. I am sure that is right and that you will wish to endorse what he proposes.

Agree

Yes

TIMOTHY FLESHER

12 February 1986

TF

LORD PRIVY SEAL

PRIME MINISTER

PROCEDURE COMMITTEE REPORT ON PUBLIC BILL PROCEDURE

Last year an important Report was published by the Procedure Committee. By far the most important of its detailed recommendations was that there should be automatic timetabling under the control of a "Legislative Business Committee", of all Government Bills that are considered likely to require more than twenty-five hours in Standing Committee. A detailed background note is attached.

The Chief Whip and I consider that this proposal would result in an unacceptable loss of the control that the Government has at present over the organisation of Business in the House. We are agreed, therefore, that this proposal must be rejected though a few minor recommendations of the Committee can be accepted.

The Official Opposition have indicated that they would not be attracted to the Procedure Committee's proposals for timetabling Government Bills. Nor has there been any obvious expression of support from our own backbenchers either by way of Early Day Motions or when I recently addressed the Executive of the 1922 Committee.

In the light of this, the Chief Whip and I propose to arrange, if possible, next week a "take note" debate on the Procedure Committee's Report as a whole. If Peter Emery or others put down an amendment proposing the acceptance of the Procedure Committee's timetabling proposals, we would propose to get it voted down. The Chief Whip and I would, however, see in due course whether some arrangements could be reached through the usual channels to reduce the present norm of one hundred hours in Committee before a guillotine Motion is introduced.

I am copying this minute to Cabinet colleagues, the Chief Whip and Sir Robert Armstrong.

WJB

W J B

11 February 1986

BACKGROUND NOTE ON THE REPORT OF THE PROCEDURE COMMITTEE ON PUBLIC BILL PROCEDURE - APRIL 1985

1. An important report on Public Bill Procedure made last Session by the House of Commons Select Committee on Procedure, under the chairmanship of Sir Peter Emery, is still outstanding (second Report from the Select Committee on Procedure Session 1984-85 HC 49-1). The Government has undertaken to provide an opportunity for a debate on this report, probably sometime in February. It raises some major issues potentially affecting control over the progress of the Goverentment's legislative programme in the House of Commons, particularly in Standing Committee. A summary of the Committee's recommendations is attached at Annex A.

2. By far the most important of the Committee's recommendations (recommendations 9-11) relate to the proposed introduction of a procedure for the automatic time-tabling of Government Bills considered likely to require more than 25 hours in Standing Committee.

3. In recent years criticism has mounted amongst backbenchers that a considerable proportion of the time spent by Members in Standing Committee is wasted, and that delaying tactics on the early parts of some Bills, sometimes pending a 'guillotine' motion, have meant that the time available for scrutiny in Committee is not sensibly apportioned between the parts of a Bill as a whole. A further effect of the present procedure is that it sometimes leads to Government backbenchers being discouraged from taking an active role in debates in Standing Committee. Criticism along these lines was one of the principal factors in the establishment of the present Procedure Committee, and the allocation of time in Standing Committee was one of the matters specifically referred to in the Committee's terms of reference.

4. In his evidence to the Committee the Lord Privy Seal drew attention to the limited number of Government Bills in which problems of this kind arose, and suggested that it seemed unlikely that for the majority of Government Bills automatic timetabling would give results to the House more generally satisfactory than the present system of informal discussion through the usual channels. He acknowledged, however, that in certain instances (eg the Telecommunications Bill) an earlier guillotine than had been recent practice (ie not before at least 70-80 hours had been spent in Committee) might sometimes enable a Bill as a whole to be better considered. The problem lay in identifying the small number of Bills where an earlier guillotine would be advantageous, and in devising a procedure for their consideration in Committee which would be generally acceptable to the House as a whole.

5. Whilst the Committee acknowledge (paragraph 34 of their Report) that the problems they address only arise in 'a small minority of Bills', they nevertheless propose that a new committee, a Legislative Business Committee appointed by the Committee of Selection, should recommend a maximum number of hours for the Standing Committee stage (and, if necessary, subsequent stages) of any Government Bill it considers likely to require more than 25 hours in Standing Committee; and that a Buisness Sub-Committee (also appointed by the committee of Selection) should lay down the detailed allocation of time within the maximum hours laid down by the Legislative Business Committee.

6. There are some serious objections to the Committee's proposals from the viewpoint of the effective and certain management of the Government's legislative programme:

i. It is obviously not possible to predict with any certainty how the proposed Legislative Business Committee would interpret its role, and how far the Goverment majority on the Committee could be relied upon. But the discretionary powers (eg the power to

decide which Government Bills were likely to take more than 25 hours in Committee) given to the Committee would make a very considerable potential shift in power over the control of business away from the 'usual channels'. The present system generally works well from a Government viewpoint, and in practice normally ensures that the passage of all Government Bills. The proposed new system would take a number of important 'business'decisions out of Ministerial hands, and would make the overall management of the Government's legislative programme more uncertain;

ii. The proposed changes would lead to a loss of flexibility and manoeuvre in the planning of the Parliamentary programme as a whole. The instances in which some reasonable accommodation is not reached through the usual channels are in practice fairly rare, and informal unpublicised time-tabling agreements are traded between Bills. If a rigid and publicised timetabling has to be formally laid down by a Committee for every Government Bill that, viewed on Second Reading, might possibly take more than 25 hours in Standing Committee, the overall time spent in Committee might well increase, rather than the reverse. Moreover, time-table Motions introduced, as proposed, without debate after Second Reading could provide ideal opportunities to maximise open and covert opposition to controversial Government measures and jeopardize their further progress. The Government need to maintain the initiative in deciding when a guillotine motion is most likely to succeed, and also the option, where necessary, of letting legislation 'run into the sand' in Committee.

7. Apart, however, from the uncertainties which the new procedures would introduce into the management of Government business, the Procedure Committee's proposals as they stand are open to criticism on grounds of practicality. For example, it is difficult to see how more than a minority of the Bills each Session which, under present procedures, would in practice require more than 25 hours in Committee, could be

confidently identified at Second Reading. There are bound to be cases within fairly broad margins of uncertainty where the demand - or lack of it - for extended debate will only emerge in the course of proceedings. And if an Opposition wanted to delay the Government's programme they could always choose a Bill which the Legislative Business Committee had not selected for time-tabling.

8. For the above reasons the Chief Whip and the Lord Privy Seal take the view that the Procedure Committee's recommendations on time-tabling should be resisted. But in view of the possible extent of backbench support for the proposals, the arrangements for the debate on this report will need careful handling. Present plans are as follows:

i. the debate would take place on a 'take note' motion on the Procedure Committee's report as a whole, linked with a number of motions recommending the approval of certain of the Committee's minor proposals;

ii. in the course of the debate the Lord Privy Seal would make clear the Government's strong reservations about the Committee's time-tabling proposals, but acknowledge the need to introduce 'guillotines', where necessary, at an earlier stage than recently, in order to ensure a more balanced apportionment of time in Standing Committee between the various parts of the legislation concerned;

iii. if, as seems likely, Sir Peter Emery tables an amendment to the 'take Motion' proposing the acceptance of the Committee's time-tabling proposals, the House would be asked to reject it.

In the light of the outcome of the debate the Lord Privy Seal would then propose to see whether some agreement can be reached through the usual channels to bring toward to, say, 50 hours the normal 'guillotine' point in the Standing Committee proceedings. If agreement cannot be reached the Government may have to change the practice unilaterally as the need arises.

Summary of Recommendations

46. Our Report is intended to be read as a whole. For convenience, however, we summarise below our principal proposals. We **recommend** that:

(1) (a) All committal motions (other than those providing for divided committal) should be able to be moved by any Member.

(b) In the case of divided committal motions, any Member should be able to move an amendment to allow for the whole of the bill to be committed to a committee of the whole House, or to propose a different division of the bill.

(c) Notice should be given of divided committal motions and amendments to them.

(d) There should be no debate on any committal motions or on any amendments moved to them (paragraphs 8 and 9).

(2) Permanent provision for the Special Standing Committee (SSC) procedure should be made in Standing Orders. Greater use should be made of the procedure. In particular certain parts of the annual Finance Bill are well suited to the SSC procedure (paragraph 13).

(3) Standing Orders should be amended to provide for a new motion "That the Question be now *proposed*" to deal with exceptionally long speeches moving motions or amendments in committtee or at report stage (paragraphs 15 and 16).

(4) Paragraph (3) (the so-called "kangaroo closure" provision) of Standing Order No. 31 should be repealed (paragraphs 15 and 16).

(5) Standing Orders should provide that standing committees, or Special Standing Committees, should be able to reconvene for the purpose of considering amendments arising from undertakings given by Ministers, and consequential and drafting amendments (paragraph 19).

(6) Standing Order No. 78 which provides for the committal of certain bills to a Standing Committee for Report Stage should be repealed (paragraph 20).

(7) Paragraph (2) of Standing Order No. 58 relating to third reading motions should be repealed (paragraph 22).

(8) Minimum intervals between the stages of bills should be prescribed by Standing Order (paragraph 23).

Timetabling

(9) Timetables on controversial bills should be introduced much earlier than at present. To this end there should be a Legislative Business Committee (LBC) of thirteen Members appointed by the Committee of Selection (paragraph 36 (a)).

(10) The LBC should consider all Government bills committed to a Standing Committee. If it considers that a bill is likely to require more than twenty five hours in standing committee the LBC should recommend a maximum number of hours for consideration of the bill by the standing committee (paragraph 36 (b)).

(11) Such recommendations from the LBC should be implemented without debate (paragraph 36 (6)).

(12) Business Sub-Committees, nominated by the Committee of Selection from the Members of the standing committee and larger than at present, should lay down the detailed allocation of time within the total time proposed by the LBC (paragraph 36 (c)).

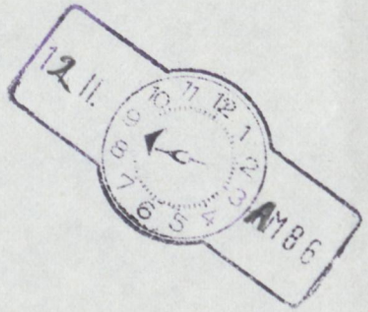
(13) The LBC should be able to make revised proposals to take account of new factors (paragraph 39).

(14) Present timetabling procedures should continue to apply in respect of any bill in committee of the whole House or not previously timetabled by the LBC (paragraph 43).

(15) Where, however, a bill has already been timetabled by the LBC and where there appears to be no informal agreement about the length of time to be given for remaining stages the LBC should be free to propose a timetable for these stages (including consideration of Lords Amendments). The motion to agree with a report from the LBC in these circumstances should be decided without debate (paragraph 44).

(16) Proceedings in standing committees should not continue beyond 10 pm. (paragraph 45).

23 April 1985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1986

CC BG

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

28 January 1986

Dear Barney.

N 29/1

SOCIAL SERVICES COMMITTEE: FOLLOW-UP REPORT ON MEDICAL EDUCATION

You wrote to me on 16 January outlining the outcome of your further consideration of the presentation of this report.

I am most grateful to you for looking at this matter again. I fully recognise the difficulties you face in striking an appropriate balance and the importance of securing the co-operation of the profession to the changes you wish. I am therefore content for you to proceed as you propose.

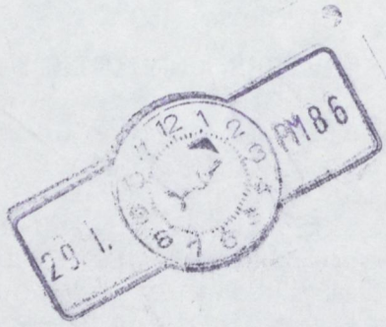
I am sending a copy of this letter to the Prime Minister, the members of H Committee and to Sir Robert Armstrong.

The Rt Hon Barney Hayhoe MP

PARLIAMENT

H/c PROCEDURE

PT 7



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

I write to record our conversation this evening following my conversation with the Chief Whip.

Appearance of officials before Select Committees

You told me that you hoped that in one way or another, officials directly concerned with the disclosure of certain contents of the Solicitor General's letter of 6 January would not appear before the Departmental Select Committees. Mr McDonald and Mr O'Shea of the Department of Trade of Industry would answer policy questions while Sir Brian Hayes could, if necessary, deal with questions affecting the conduct of officials. We would consult the Prime Minister if No. 10 officials were asked to appear before the Select Committee. Our advice, very definitely, would be that they should not. If the Select Commission pressed, you would be ready to attend. You were minuting the Prime Minister about all this.

Production of documents to the Select Committees

I reported to you the Chief Whip's information that Mr Heseltine had declinedto answer further questions before the Defence Select Committee until Mr Brittan's minute of 4 October and the letter of 17 October from Mr Hosker in the Department of Trade and Industry to Mr Mottram in the Ministry of Defence had been published. I further reported the Chief Whip's view that this request might be handled by e.g. Sir Brian Hayes submitting a memorandum to the Committee which gave the relevant gist of the two documents. The Chief Whip would be ready, if this approach was acceptable, to talk to Mr Heseltine to see whether he would be willing then to appear before the Select Committee. You undertook to consider this approach with Sir Brian Hayes.

Appearance before the Select Committee on Defence

I reported the Chief Whip's information that the Defence Select Committee would seek the appearance of the Solicitor General in order to question him about developments following his second letter to the then Defence Secretary. You thought that precedent suggested that Law Officers did not appear before Select Committees. In any event it appeared that the Select Committee's interest in this matter

would better be addressed to the responsible department, presumably the MOD. The Solicitor General's function was simply as adviser within the Government.

I should be grateful if you could follow up these points.

N.L.W.

N.L. Wicks

28 January 1986

JS

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522
From the Minister for Health

The Rt Hon Viscount Whitelaw CH MC DL
Lord President of the Council
68 Whitehall
LONDON
SW1

6 January 1986

Dear Willie,

SOCIAL SERVICES COMMITTEE: FOLLOW-UP REPORT ON MEDICAL EDUCATION

Many thanks for your letter of 11 December conveying the general agreement of H Committee to publication of this Select Committee report.

You wondered whether there was scope to strengthen the presentation of the response and I have looked at this very carefully. In agreement with the other health departments, we had aimed to strike the requisite balance between hinting at a possible change of policy without appearing to pre-empt the outcome of the proposed discussions with the profession and with health authorities to review the policy. I have just held the first of these discussions and it is quite clear that very delicate handling will be required to secure the co-operation of the profession, which will be essential to make progress. I think, therefore that it would be counter productive to strengthen the presentation of the White Paper and I would be grateful for your agreement to publication in its present form.

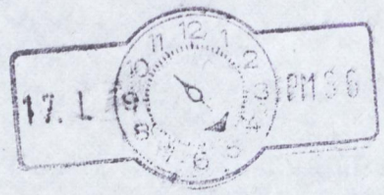
You also mentioned John MacGregor's request that his officials be associated with the review and this has been arranged.

I am sending a copy of this letter to the Prime Minister, the members of H Committee and Sir Robert Armstrong.

Yours ever,

BARNEY HAYHOE

PARLIAMENT : H/C Procedure: Pt 7.



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MR ADDISON - No. 10

10 January 1986

MARINE SCIENCE AND TECHNOLOGY

The report on marine science and technology of the House of Lords Select Committee on Science and Technology is due to be published on 29 January. The wide scope of this study means that there are a large number of Departments involved, but no one Department with a predominant concern. The indications are that the report will include a number of recommendations concerning the responsibilities of Departments and inter-Departmental coordination of R & D.

2. I am currently discussing with the Department of Trade and Industry, and other Departments, how best to prepare a Government response, and I will shortly be putting forward proposals for handling.

3. I am copying this to Michael Stark.

RBN

SIR ROBIN NICHOLSON
Chief Scientific Adviser

11. I.
1985

SC

cc BG

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522

From the Minister for Health

The Rt Hon John MacGregor MP
Chief Secretary to the Treasury
Parliament Street
London
SW1P 3AG

23 December 1985

Dear John

NBPM.

SOCIAL SERVICES SELECT COMMITTEE
FOLLOW-UP REPORT ON MEDICAL EDUCATION

Thank you for your letter of 9 December.

I fully agree with you that Treasury officials should be involved with the review of hospital medical staffing. Indeed, I believe that our officials have already been in touch and have made appropriate arrangements for this to happen.

I am grateful for your support for the Government response to the Select Committee to be issued as a White Paper.

I am sending a copy of this letter to the Prime Minister, the Lord President, other members of 'H' Committee and Sir Robert Armstrong.

Yours

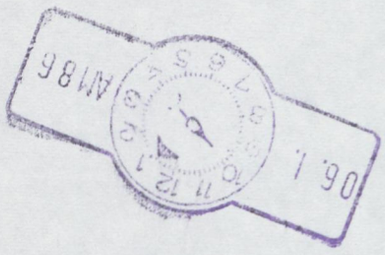
Barney

BARNEY HAYHOE

PARLIAMENT

H/c PROCEDURE

PT7



With the Compliments
of the
Private Secretary
to the
Lord Privy Seal

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

18 December 1985

Dear Terence,

I am writing further to the First Report from the Liaison Committee (Session 1984-85) on the Select Committee system.

Although, as it acknowledges, this report is essentially a factual summary of the work done by select committees since 1982, it contains several recommendations on which, although ultimately matters for the House to decide, it may be helpful to the Committee to be aware of the Government's view.

Firstly, I am sure that there is widespread support for the view expressed in the report that the new Departmentally-related select committees set up in 1979 have now established themselves as a major, successful Parliamentary reform. The statistic of 275 reports made by these committees since 1979 is in itself an indication of the remarkable development in the range of parliamentary scrutiny exercised by them over almost all aspects of Government activity. I note too the view expressed by the Committee (paragraph 2) that the new opportunities for debating the Estimates introduced since 1982 constitute a further important procedural reform; and that this combined with the establishment of the new committee system, represents a significant shift in the balance between Parliament and the Executive. I assure you that Ministers will continue to co-operate fully in these developments.

The Rt Hon Terence Higgins MP
House of Commons

As to the continued exclusion of the Law Officers' Departments from the scope of the Departmental select committee system, the Government's view remains in accordance with the decision taken by the House when the committees were initially established.

I have noted also the comments made in the report on the extent to which select committee reports have been debated (paragraphs 17 to 22). As the report acknowledges, the new Estimates procedure has provided further opportunities to debate the reports produced about the expenditure of the Departments which committees oversee. And, as the report further points out, there have been a growing number of debates on the Floor, other than those specifically on a report, itself, where the relevance of a particular report has been formally referred to on the Order Paper. Nevertheless I acknowledge that there is still further scope for improvement in this respect: I shall continue to pay close attention to the wish of the House to debate any reports from select committees that are considered to be of special importance. More generally, and whilst, as you know, the planning of the programme of business on the Floor necessarily has to take account of many factors, we will seek to ensure that careful account will be taken, wherever possible, of any relevant select committee report that is known to be close to publication.

With regard to the nomination of committees (paragraphs 25 to 27), I very much regret the delays that have taken place. I doubt, however, whether specific time limits on appointments to select committees are practicable. As you are aware, these matters are far from being exclusively in the Government's hands; and, especially after a General Election, a considerable time may have to elapse before it is known, for example, whether particular Opposition Members will be available to serve. I hope, however, that in the general interests of the

House, a way can soon be found to avoid a recurrence of the recent difficulties over the automatic 'blocking' of appointments to select committees.

Finally, I am glad to say, in relation to the question of staffing (paragraphs 29 to 32), that considerable progress has recently been made towards a new grading structure, on which agreement is being sought by the end of the year. I hope the results of this will be of value to select committees.

JOHN BIFFEN

On certain aspects of the present select committee structure - the limitations on the scope for sub-committees (paragraph 28); and the extent to which committees are able to hold joint meetings (paragraphs 23 and 24) - the Committee refer to recommendations already made by their predecessors. On these I have to say that the Government's view remains unchanged.

As regards sub-committees, the number and extent of enquiries now made by the existing Departmental select committees, to which reference has been made, would make it much more difficult for Government Departments to accommodate the potential expansion that more sub-committees might entail given the need for strict control over the costs of public administration. I fully recognise, however, that this is, in the final analysis, a matter for the House, and not for Ministers, to decide.

Secondly, in respect of the question of the scope for select committees to hold joint meetings and to take evidence together, the confinement of this provision to departmental committees appropriately reflects, in the Government's view, the distinction between the functions of these committees and those of other select committees, in particular the Public Accounts Committee, which conduct their enquiries in accordance with separate conventions and procedures.

As regards the committee's comments (paragraphs 3 to 13) on the working of the new procedures for the considerations of Estimates, I fully recognise the problems that have arisen when limited time has been available for the preliminary appraisal of Supplementary Estimates by select committees; and I appreciate the efforts that have been made to overcome them. Supplementary Estimates, by their nature, normally reflect expenditure requirements that have arisen unexpectedly. Ministers will, however, continue, to provide as much time for this purpose as possible, within the inevitable constraints including those referred to in the report.

Bearing in mind other demands on the Parliamentary programme, the Government proposes, in respect of the recommendation in paragraph 9, to table an amendment to Standing Order 19 which would provide that one day of the three 'Estimates Days' might be taken as two half-days. But regards the other amendment to that Standing Order proposed in paragraph 10, it would appear to me, prima facie, that, insofar as the arrangements for the timing of these debates are made in accordance with the normal practice of the House, no further clarification seems necessary.

./..

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

JU997
Secretary of State for Trade and Industry

18 December 1985

Philip Wynn Owen Esq
Private Secretary to the
Chancellor of the Exchequer
HM Treasury
Treasury Chambers
Parliament Street
London SW1

To note.

18/12

Dear Philip,

GOVERNMENT REPLY TO THE REPORT FOR HOUSE OF LORDS' SELECT COMMITTEE ON OVERSEAS TRADE

... I attach an advance copy of this Command Paper, which is to be published at 2.30pm tomorrow. The text is precisely the same as that of the Government response which was placed in Parliament on 2 December, and which I circulated to the Private Secretaries to Members of E(A) on 29 November.

I am copying this letter and enclosure to Private Secretaries to other members of E(A), Robert Culshaw (FCO), Ron Lawrence (Lord President's Office), David Beamish (Lords Whips Office), Alison Smith (Lord Privy Seal's Office), and Michael Stark (Cabinet Office).

Yours ever,
Michael

MICHAEL GILBERTSON
Private Secretary

18. XII
PM 8 5

1-7

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

Miss Alison Smith
PS/Lord Privy Seal
Privy Council Office
Whitehall
LONDON SW1A 2AT

16 December 1985

Dear Alison

LIAISON COMMITTEE REPORT ON THE SELECT COMMITTEE SYSTEM

The Chancellor has seen the Lord Privy Seal's letter of 4 December.

He agrees, generally, with the line the Lord Privy Seal is taking in his draft reply to the Liaison Committee. He has just one drafting amendment to suggest. In line 4 of page 3 of your draft, he would like to see the words "including those" inserted after "constraints". The significance of this is simply that the Government consider there are constraints (in particular, making it unwise to take Winter Supplementaries after Christmas) that are in addition to those referred to in the report.

I am copying this letter to private secretaries to all members of the Cabinet and the Chief Whip; and also to Sir Robert Armstrong.

Yours ever,

Tony

A W KUCZYS

Parliament,

Hoc Procedures

17 7

10 DOWNING STREET

From the Private Secretary

12 December 1985

This is just to record that the Prime Minister has seen and noted the Lord Privy Seal's minute of 11 December about lobbyists and his proposals for handling the debate next week.

She was content with this approach.

(Timothy Flesher)

Miss Alison Smith,
Lord Privy Seal's Office

CC/86

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

Rt Hon John Biffen MP
Lord Privy Seal
Privy Council Office
Whitehall
LONDON
SW1A 2AT

12 December 1985

Dear John,

LIAISON COMMITTEE REPORT ON SELECT COMMITTEE

Thank you for copying to me your letter of 4 December to Nigel Lawson concerning the Government's reponse to the Report of the Liaison Committee of Select Committee Chairmen on "The Select Committee System".

I fully support the line you propose to take, particularly on the setting up of sub-committees and exchanges between Select Committees and 'non-Departmental' Committees and I am therefore content with your draft reply.

I am copying this letter to the recipients of yours.

Yours ever,

George.

MDH34606

PARLIAMENT PT7

HLC PROCEDURE

CCPG
2

Prime Minister:

The Motion will essentially confirm the present quasi-voluntary nature of the Register of Members Interests

JV 11/12

PRIME MINISTER

LOBBYISTS

At the meeting that you held on 1 July, it was agreed that the Government should arrange a debate on the First Report of the Select Committee on Members' Interests. At the same time, we would table a Motion to confirm and clarify the responsibilities of Members with regard to the registration in the Register of Members' Interests, and declaration, of their paid activities as Parliamentary 'advisers' and 'consultants'.

As agreed, consultations have been held through the usual channels and a 3-hour debate will take place on Tuesday 17 December. The Motion to be moved will invite the House to take note of the Committee's Report and to endorse a proposal on the above lines. It will not, however, endorse the Committee's recommendations in respect of the outside financial interests of the Press Lobby, Secretaries, Research Assistants and Parliamentary Groups. These are essentially secondary to the main issue concerning the activities of Members and have so far aroused little interest.

The Chairman of the Select Committee, Geoffrey Johnson-Smith, the Chairman of the 1922 Committee and the Opposition Parties are generally content. Opposition to the Motion could come from Willie Hamilton and David Winnick who may try to amend the Motion, possibly on the lines that Members should declare the specific amount of payment that they have received for lobbying activities. It is on the latter point that most

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of the recent criticism of MPs' lobbying activities has centred. I suspect that the debate will not attract many speakers but it will demonstrate the Government's awareness of the issue and the importance it attaches to the Register being as comprehensive as possible. I understand that the Chief Whip will ensure that the Payroll is present at the end of the debate.

As to the question of Research Assistants and passes mentioned in Mr Maclean's letter to Mr Butler of 12 July, there will be an opportunity for the House to discuss all these matters when it comes to debate Research Assistants generally. The Chief Whip and I hope to arrange this for February/March 1986.

I am copying this minute to Cabinet colleagues, the Chief Whip and Sir Robert Armstrong.

W.J.B.

WJB

11 December 1985

CC/BG

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

11 December 1985

NBPM.

Dear Barney

SOCIAL SERVICES SELECT COMMITTEE FOLLOW-UP REPORT ON MEDICAL EDUCATION

You wrote to me on 28 November seeking comments on a draft of the White Paper you intend to publish giving the Government response to this Select Committee Report.

You will have seen John MacGregor's letter of 9 December welcoming your decision to review our present policy but asking that his officials are associated with the review in view of its possible public expenditure implications. He is otherwise content with the draft. I too am content with the general lines of the White Paper but as, in fact, our reply is such a forthcoming one I wonder if there is not scope for strengthening the presentation of theWhite Paper to make rather more of this.

Subject to these points you may take it you have H Committee's agreement to publication.

I am sending a copy of this letter to the Prime Minister, the members of H Committee and Sir Robert Armstrong.

The Rt Hon Barney Hayhoe MP

Parliament Pt 7

H/C Procedure.

013/104

cc BG

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Barney Hayhoe MP
Minister for Health
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
London
SE1 6BY

9th December 1985

Dear Barney,

SOCIAL SERVICES SELECT COMMITTEE:
FOLLOW-UP REPORT ON MEDICAL EDUCATION

I welcome your decision to review our present policy of increasing the number of consultant posts. There is now clearly some doubt, particularly amongst health authorities who have direct management responsibility, as to whether that policy represents the best value for money. It would be wrong in these circumstances to press on.

Whatever emerges from the review is certain to have major resource implications (I have in mind the need to tailor medical staffing and duties to cope more flexibly with the changing needs of the health service, as well as direct costs). I should therefore like Treasury officials to be involved with the review.

I have no comment on the other matters covered in the reply, and support your proposal to issue it as a White Paper.

I am sending a copy of this letter to the Prime Minister, the Lord President, other members of 'H' Committee and Sir Robert Armstrong.

Yours ever,

JOHN MacGREGOR

09.XII
PM 05

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

9 December 1985

Dear Minister of State

SOCIAL SERVICES SELECT COMMITTEE REPORT ON PUBLIC EXPENDITURE

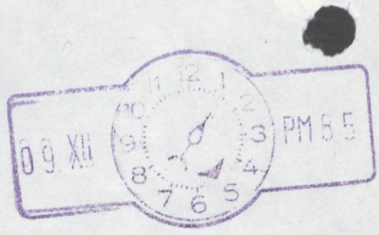
You wrote to me on 19 November seeking H Committee agreement to the publication of your response to the Social Services Select Committee report on public expenditure. You will have seen Norman Tebbit's letter of 19 November supporting publication. No other member of the Committee has objected by your deadline. You may therefore take it you have agreement to proceed as you propose.

I am sending a copy of this letter to the Prime Minister, the members of H Committee and to Sir Robert Armstrong.

Yours Sincerely
R Lawrence

(Approved by the Lord President
and signed in his absence)

The Rt Hon Barney Hayhoe MP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Seen by the Prime Minister
PLC.

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LORD HANSON

RB

8/12

December 4, 1985.

My dear Prime Minister -

At Willie's request, I made the attached short speech in support of the Government in the debate on the Select Committee's Report on Overseas Trade.

Yours ever

James

The Rt. Hon. Mrs. Margaret Thatcher, MP,
10 Downing Street,
London, S.W.1.

Lord Hanson: My Lords, I too should like to congratulate my noble friend, Lord Clitheroe, on his excellent maiden speech on a subject of which he has much experience at home and overseas. We look forward to hearing from him on many future occasions. I know from my own experience how much better he feels now than he felt at 4.30 this afternoon.

The House is greatly indebted to my noble friend Lord Aldington for initiating this debate and I should like to add my own appreciation and respect for the distinguished committee's report. My noble friend himself and the members of his committee brought to their inquiry a formidable array of experience, not only in manufacturing but in banking, insurance, consumer services, energy, international trade and not least in their experience of government office.

I must take this opportunity to apologise to your Lordships for the fact that I shall be unable to attend for the whole debate because of a long-standing previous engagement.

The committee sought to "draw attention to manufacturing industry", which objective they most certainly succeeded in achieving. It is not given to all reports to become best sellers or to generate such interest and comment. As a manufacturer myself as well as an international trader, I thoroughly approve of the spotlight being turned on the subject of Britain's manufacturing industry. The committee's analysis of how we have reached our present position—I decline to call it "plight"—contains a great deal with which industrialists are very familiar; but I for one do not agree with the diagnosis. It seems to me that there are

P.T.O.

some major omissions. Most curiously, I think, it omits the fact that the commanding heights of British industry have been nationalised—for many of us for most of our working lifetime—with devastating consequences for Britain's manufacturing industry. Nationalisation turned huge sections of our industry into loss-makers. It absorbed massive investment capital and loaded all manufacturing industry with excessive energy and transport costs.

One major way of restoring manufacturing competitiveness in this country which is currently being actively pursued by this Government and which I am sorry not to see in the committee's list of recommendations, lies in placing these industries in the private sector where they belong, where the customer will decide whether they prosper or decline, and where the shareholder will put up his own money and take the risk of profit or loss.

My noble friend, Lord King of Wartnaby, whose experience and business success in manufacturing and service industry alike are withheld from us today because of his other duties, wrote recently:

"Britain's present position is not the product of the last six years but of the 20 years that went before",

and also:

"The wonder is that Britain, as the former 'sick man of Europe' has recovered from what appeared to be a terminal illness".

I thoroughly endorse his views.

The report rightly draws attention to the lessons to be learned from other industrial nations, but it touches too little on the desperately poor base from which our recovery had to begin. In my view, the committee does not give adequate recognition to the immense progress that we have already made. It does not give adequate recognition to the right business climate that has been created by this Government.

Much argument is made about the primacy of need of manufacturing over service industry; that our oil reserves are peaking, so we must busy ourselves to stimulate the manufacturing sector. As I said earlier, I am a manufacturer myself, but I do not buy that argument. Nor am I convinced that any good will come from the proposals for more government tinkering with this, interfering with that or throwing money at the other. Let us have no stimulation, please, It is only a polite euphemism for subsidy and it does not work. One has only to recall selective employment tax, which was a tax subsidy for manufacturing at the expense of the service industries. A tax subsidy for one sector must mean a tax penalty for all the others.

There is a great deal of evidence—some of it indeed described in the report and referred to this afternoon—that much of our manufacturing industry is healthier and more competitive than it has been for 40 years. The way that it will best grow is by manufacturers winning more of our home market. As my noble friend Lord Aldington said, our record of exporting is really rather good by international standards, but we should all be fighting the import market competitively. How can overseas manufacturers absorb all the extra costs of shipment to this country, setting up distribution and overcoming the language barrier and the local technical problems and still beat us in our own market?

The report addresses some of the problems in its call for action: better design, more R&D, better recr[illegible] and training; all are necessary objectives to be pursued. But that is not the core of the matter. There is no magic solution, said the noble Lord, Lord Ezra. The plain fact is that manufacturing industry has shrunk, with some notable exceptions, because we have priced ourselves out of our own market-place. The report confirms that over and over again. When we price ourselves back into competition, our industry will grow. It will grow first by selling more at home and it will grow again because then we shall be competitive abroad.

As regards the exchange rates, look at the cries that we get the moment that the currency rises to reflect the country's economic strength! We get cries from our major manufacturing exporters, who are all strangely silent when we reach dollar-pound parity—£1 to the dollar. I am not sure what advantage they take of that rate at that time, but they certainly complain the moment that it goes up.

The real battle for British manufacturers, and one that we are fighting daily, is to reduce costs. I have already spoken of the burden on industry of energy costs, but we must continue the fight to control all costs, expecially wages. For too long we have been getting "nowt for nowt", and I should like to see a little more "summat for summat". The report tells us of wage costs having risen here 260 per cent. compared to 70 per cent. in Germany and 110 per cent. in the United States. Productivity in certain industries still lags far behind foreign competition. But we must get our own house in order and keep it that way.

The report calls for relief from the burden on industry of rates. The answer to that is surely a vast reduction of the whole town hall machinery and a return to private enterprise of all possible local authority functions. I believe that if we hold to our present path the balance of manufacturing and services will evolve naturally and without the horror-movie scenario foreshadowed by the committee.

There is in the report a great deal that we can all warmly embrace, and above all its underlying theme: the need for change. I would have put it as the need to continue the present course of change. We have as a nation finally come to understand that the world does not owe us a living. We have really begun to believe that wealth has to be created before it can be distributed. There is some way to go, not least in the educational field, to which the committee draws attention. As my noble friend Lord Aldington said, and as was stressed by the noble Lord, Lord Plowden, I am not sure that industry is doing anything like enough to tell pupils and their teachers of the importance and attraction of a career in industry.

But we should take account of the measure of change that has been achieved. I can report only that I am happy to work in industry, and I do not feel at all gloomy about this great country's present position. With the continued encouragement of this Government I look forard with great excitement to Britain's future prospects.

Lord H.

Young rejects 'crisis' view of overseas trade

DIRECT government intervention to ensure a revival of Britain's manufacturing industry before North Sea oil runs out is not necessary or desirable, **Lord Young of Graffham**, the Employment Secretary, insisted in the House of Lords last night.

More conciliatory in tone than some of his Cabinet colleagues earlier, he rejected the view of the Lords Select Committee on overseas trade that there could be a crisis if Britain continues to be a net importer of manufactured goods when no longer self-sufficient in oil.

Lord Young claimed that the report had not placed enough emphasis on the action already taken by the Government to create the right atmosphere for the manufacturing sector to improve its performance. Too much emphasis was given to problems which the Government regarded as "important but not as catastrophic."

Earlier, many peers underlined their support for **Lord Aldington** (chairman of the select committee and a former Conservative minister), when he condemned the Government's attempt to "rubbish" the report when it was published.

He stressed that the report's main theme had been the need to improve manufacturing industry's competitiveness and warned that even if the oil account remained in balance for another 10 years, the problems it had highlighted still needed to be tackled with urgency.

Lord Ezra (Lib), who served on the committee, believed the Government's position in light of Lord Young's speech, was that it disagreed with the "diagnosis" given by the report while claiming to be carrying out most of its recommendations.

Strong support for the Government's response to the committee's report was expressed by **Lord Hanson** (C) who described himself as a manufacturer as well as an international trader.

He rejected the report's "diagnosis" and criticised what he considered its many omissions. In particular he pointed to the failure to mention the fact that the commanding heights of British industry had been nationalised for most of the working life of many people with painful consequences.

Lord Hanson—attacked "omissions" of peers' report

Lord Hanson argued that the best way to expand the manufacturing base would be for British companies to win more of the home market. The manufacturing base had shrunk because, with some notable exceptions, "we have priced ourselves out of our own market," he said.

When British companies were able to price themselves in again, manufacturing industry would grow, first through expanded home sales and then through selling more abroad.

Lord Aldington reminded peers that the balance of trade in manufactured goods had changed from a surplus to a deficit of nearly £4bn in 1984. There was no sign of a significant improvement in 1985.

Britain needed greater manufacturing output and a favourable balance in trade in manufacturing if it was to be able to continue paying its way.

Lord Aldington said the committee had concluded that there was a problem — a problem which was so serious that "if we do not start solving it at once we risk a major social and economic crisis in the foreseeable future."

Lord Young refused to accept that the Government was operating on "automatic pilot" but maintained that it was not for the Government to be the pilot.

Sensible economic decisions, he said, were best taken by those operating in the market place.

He maintained that the worst way to seek to achieve such an adjustment would be for the Government to discriminate in favour of one particular sector of the economy.

Lord Weinstock (Ind), managing director of GEC, praised the committee for correctly drawing attention to the serious dangers which lay ahead and in the light of which many of the measures in the Government's programme appeared rather irrelevant.

He called for new thinking without waiting for the crisis to arise and before the constraints of the electoral calendar got in the way.

Lord Weinstock maintained that the political decision taken by the Government to give overriding and exclusive priority to reducing inflation had had the consequence of restricting output and increasing unemployment.

While competition was necessary to prevent featherbedding, "national self-immolation in the name of a non-existent free market is surely carrying things too far."

Lord Kearton (Ind), another member of the committee and a former chairman of the British National Oil Corporation, warned that Britain's oil export cushion would go in six or seven years at best. He said: "We must have another industrial revolution when indigenous oil becomes a trickle."

FINANCIAL TIMES
DECEMBER 4, 1985

DAILY TELEGRAPH DECEMBER 4, 1985.

Lord H

Industrial priority plea by peers

By WALTER ABURN Parliamentary Staff

OUTSIDE Government, there had been a big welcome for the Lords Select Committee Report on the state of Britain's manufacturing industry, Lord ALDINGTON, the committee's chairman, claimed in the Lords yesterday.

He said the report had been "rubbished" in Government Press releases.

But, he told peers, it was "urgent and for today."

Opening a debate on the plight of our overseas trade, he declared that there was "a real threat to living standards if we do nothing to meet the challenge."

Lord Aldington, former deputy chairman of the Conservative party, called for an urgent change of national attitudes to give the highest priority to manufacturing.

Serious misgivings

Lord BRUCE of DONINGTON (Lab) said the committee's moderate, factual report — one of considerable incisiveness — had been denigrated by Government.

But from next year the oil contribution to revenue would start to tail off and we faced a peril which required a firm sense of national purpose if we were to escape.

Lord YOUNG, Employment Secretary, said the Government unreservedly agreed with much in the committee's recommendations, but they had serious misgivings about parts of the report.

The success of British industry did not depend on changing Government policy. It was not for the Government to intervene as pilot in decisions which should be taken by those who worked in the marketplace.

We would be self-sufficient in oil into the mid 1990s and it would contribute to our balance of payments well into the next century. There was plenty of time for the economy to adjust to falls in these revenues.

Lord EZRA (Lib), former National Coal Board chairman, said a campaign to regenerate British industry was called for and it was for the Government to give a lead.

Lord HANSON (C.) said the commanding heights of British industry had been nationalised for most of his working lifetime —with devastating results which turned them into lossmakers and loaded all industry with excessive energy and transport costs.

A major way to restore manufacturing activity as actively pursued by this Government— was to place these industries in the private sector where they belonged.

Much of manufacturing industry was healthier and more competitive than it has been for 40 years.

Report's scant justice to achievement of manufacturers

Times December 4 1985

hetdH.

OVERSEAS TRADE

The Select Committee on Overseas Trade had concluded decisively that there was a problem so serious that not to start solving it at once was to risk a major social and economic crisis in the foreseeable future, **Lord Aldington** (C) said on opening in the House of Lords a debate on the report of the committee of which he is chairman.

We cannot (he went on) leave the nation's future to an imaginary auto-pilot. We have fallen behind in world competition and we have to seize control to catch up. So we call for urgent action.

The committee sought to point the way rather than produce a detailed positive plan. All its recommendations were directed to make manufacturing more competitive. Increased government spending was only recommended to match the help given to competitors by other governments or in the case of the infrastructure, to increase efficiency and reduce costs.

We put first (he continued) the need for a change in the attitude of our nation towards manufacturing and those who work in it. Manufacturing must be given a higher priority both by government and by private people.

Manufacturing output in Britain went on increasing until 1973. After some ups and downs it was nearly 12 per cent lower in 1984 than it was in 1973 despite the two previous years of recovery. In the rest of the European Community, America and Japan it was substantially higher last year than in 1973.

The lack of competitiveness (he said) is responsible both for the decline in our share of world trade and for the increase in imports of manufactured goods. We cannot sustain a growing industry unless it is competitive in the world and cannot repel import penetration unless output grows substantially.

Lord Bruce of Donington, Opposition spokesman on trade and industry, said the report had been thoughtful, moderate and factual. Consensus in Government circles had become a dirty word, as if meant a blurring of the issues.

The all-party document revealed how sensible men getting around the table could produce a report of considerable inciseveness, incisive enough to incur a pre-emptive effort by the Government to denigrate it.

The report should be set in its proper context of a non-oil deficit on the nation's balance of payment in the past two years of £11,000 million and a report by the Shell company that output of oil within six years would progressively decrease to a point where the United Kingdom was no longer self-sufficient.

Aldington: We call for urgent action

There was also the appalling fact that between three and five million people were unemployed, denied any purpose in life, dreams and hopes. Simultaneously, the rich were getting richer and the poor, poorer.

Any solution would mean a total change of attitude, not only by the people but by the Government. At present the Government was battening itself down into the bunker hoping something might happen while indulging in a frenzied sale of public assets in order to balance the books, and secure some benefit in any future election.

Lord Young of Graffham, Secretary of State for Employment, said there was much in the select committee's analysis and recommendations with which the Government unreservedly agreed but it did have misgivings about some parts.

The Government agreed on the need for a change of national attitude and that prosperity depended on the success of industry. It also agreed with the need for improved competitiveness, for a consistent policy towards industry, for support of innovation, the need to attract higher quality entrants into industry, the need for more investment, and the importance of increasing output by increasing exports through successful competition with overseas rivals.

But the report did not emphasize enough what had already been done and gave too much emphasis to problems which the Government regarded as important but not catastrophic.

I have to part company with the committee (he said) when they foresee a grave threat to the standard of living and the economic and political stability of the nation unless the Government intervenes to ensure the manufacturing base is stimulated in the export of manufactured goods.

That did scant justice to the achievements of manufacturers. Manufacturing production was up 31 per cent since 1981, output had increased 11 per cent in the same period and investment was up 15 per cent last year and a further substantial increase was expected in the current year.

The nation had to recognize that enterprise was the well spring of prosperity. The solution lay not in discriminating in favour of manufacturing but in increasing the competitiveness and adaptability of the whole economy.

Lord Ezra (L) said the nation was suffering from diminished competitiveness to which there was no magic solution, but it was not enough to say that it would be solved by getting wages costs per unit of production down. That was an important element but there were many others and all needed to be taken into account.

He had been appalled in recent times at the constant reduction in the relatively limited amount of funds provided to the British Overseas Trade Board. Britain was falling behind in exhibiting its products abroad.

Lord Clitheroe (C), in a maiden speech, said the key to the problem lay overwhelmingly in the recommendations which referred to the need for a change of national attitude. On the whole the severe shake-out industry had suffered over recent years was probably helping rather than otherwise if for no other reason than that it had swept away a lot of illusions.

This country's industrial management, unlike that of its competitors, had always been at the bottom of the pecking order of esteem. It had not been a magnet for people of highest potential. Public regard for industry in general was at an all-time low and there was a need to regenerate pride in it.

Lord Plowden (Ind) said many more of the best and brightest school leavers must be recruited if the decline of manufacturing industry was to be arrested and reversed. This called for much more contact between industry and the schools and the young people in them.

Lord Hanson (C) said one major way of restoring manufacturing competitiveness which the Government was actively pursuing was to place these industries in the private sector where they belonged.

Lord Greenhill of Harrow (Ind) said ministers' immediate reaction to their report was a good example of adversarial politics. There was nothing automatic about the ecovery of manufacturing industry as oil declined. The fall in industrial export earnings could not be fully replaced by service industriejs, whose achievements must be applauded and acknowledged. The logical conclusion of this was the standard of living would be put at risk.

The timescale might be a matter of debate but they must prepare themselves for consistent policy not only for the immediate future but for the longer term.

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

4 December 1985

Dear Nigel,

LIAISON COMMITTEE REPORT ON SELECT COMMITTEES

The Liaison Committee of Select Committee Chairmen published before the Summer Recess, a further report on 'the Select Committee system' - First Report, Session 1984-5 HCC ~~366~~ 363

The report is primarily a factual up-dating, summarising the work done by Select Committees since 1982. Its main proposals are:

(i) provision for Estimates Days to be divided into half-days (paragraph 9);

(ii) specification of who allocates the Estimates Days (paragraph 10);

(iii) provision for Law Officers' Departments to be included in Select Committee coverage (paragraph 11);

(iv) no change on funds allocated to overseas travel (paragraph 16);

(v) more time for debate on Select Committee Reports (paragraph 21);

(vi) powers of Select Committees to exchange and deliberate together should be extended to 'non-Departmental' Committees eg PAC (paragraph 24);

(vii) Committee of Selection to be given the power to replace non-attending committee members (paragraph 25);

(viii) All Departmental Select Committees to have the power to appoint sub-committees (paragraph 26);

(ix) need for grading review of support staff (paragraph 32).

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The Report is uncontroversial in tone and does not touch on the general question of Select Committee powers or on the disclosure of official information to Select Committees.

I attach a draft letter to the Chairman of the Liaison Committee which has been prepared in consultation with Treasury Officials and those of other Departments. I should be grateful for any further comments you and colleagues might have by Friday 13 December.

It will be noted that the line taken with regard to the continued exclusion of the Law Officers' Departments from the scope of the Departmental Select Committee system, and the rejection of the proposal for powers to create more sub-committees, is in accordance with that previously taken on similar proposals.

I am copying this to other members of the Cabinet, the Chief Whip and Sir Robert Armstrong.

Yours

John Biffen

JOHN BIFFEN

Rt Hon Nigel Lawson MP
Chancellor of the Exchequer

DRAFT LETTER FROM THE LORD PRIVY SEAL TO THE RT HON TERENCE HIGGINS MP

I [redacted] writing further to the First Report from the Liaison Committee (Session 1984-85) on the Select Committee system.

Although, as it acknowledges, this report is essentially a factual summary of the work done by select committees since 1982, it contains several recommendations on which, although ultimately matters for the House to decide, it may be helpful to the Committee to be aware of the Government's view.

Firstly, I am sure that there is widespread support for the view expressed in the report that the new Departmentally-related select committees set up in 1979 have now established themselves as a major, successful Parliamentary reform. The statistic of 275 reports made by these committees since 1979 is in itself an indication of the remarkable development in the range of Parliamentary scrutiny exercised by them over almost all aspects of Government activity. I note too the view expressed by the Committee (paragraph 2) that the new opportunities for debating the Estimates introduced since 1982 constitute a further important procedural reform; and that this combined with the establishment of the new committee system, represents a significant shift in the balance between Parliament and the Executive. I assure you that Ministers will continue to co-operate fully in these developments.

On certain aspects of the present select committee structure - the limitations on the scope for sub-committees (paragraph 28); and the extent to which committees are able to hold joint meetings (paragraphs

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23 and 24) - the Committee refer to recommendations already made by their predecessors. On these I have to say that the Government's view remains unchanged.

As regards sub-committees, the number and extent of enquiries now made by the existing Departmental select committees, to which reference has been made, would make it much more difficult for Government Departments to accommodate the potential expansion that more sub-committees might entail given the need for strict control over the costs of public administration. I fully recognise, however, that this is, in the final analysis, a matter for the House, and not for Ministers, to decide.

Secondly, in respect of the question of the scope for select committees to hold joint meetings and to take evidence together, the confinement of this provision to departmental committees appropriately reflects, in the Government's view, the distinction between the functions of these committees and those of other select committees, in particular the Public Accounts Committee, which conduct their enquiries in accordance with separate conventions and procedures.

As regards the committee's comments (paragraphs 3 to 13) on the working of the new procedures for the consideration of Estimates, I fully recognise the problems that have arisen when limited time has been available for the preliminary appraisal of Supplementary Estimates by select committees; and I appreciate the efforts that have been made to overcome

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them. Supplementary Estimates, by their nature, normally reflect expenditure requirements that have arisen unexpectedly. Ministers will, however, continue, to provide as much time for this purpose as possible, within the inevitable constraints referred to in the report.

Bearing in mind other demands on the Parliamentary programme, the Government proposes, in respect of the recommendation in paragraph 9, to table an amendment to Standing Order 19 which would provide that one day of the three 'Estimates Days' might be taken as two half-days. But as regards the other amendment to that Standing Order proposed in paragraph 10, it would appear to me, prima facie, that, insofar as the arrangements for the timing of these debates are made in accordance with the normal practice of the House, no further clarification seems necessary.

As to the continued exclusion of the Law Officers' Departments from the scope of the Departmental select committee system, the Government's view remains in accordance with the decision taken by the House when the committees were initially established.

I have noted also the comments made in the report on the extent to which select committee reports have been debated (paragraphs 17 to 22). As the report acknowledges, the new Estimates procedure has provided further opportunities to debate the reports produced about the expenditure of the Departments which committees oversee. And, as the report further points out, there have been a growing number of debates on the Floor,

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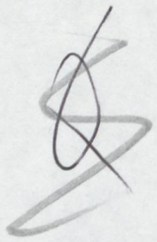
other than those specifically on a report, itself, where the relevance of a particular report has been formally referred to on the Order Paper. Nevertheless I acknowledge that there is still further scope for improvement in this respect: I shall continue to pay close attention to the wish of the House to debate any reports from select committees that are considered to be of special importance. More generally, and whilst, as you know, the planning of the programme of business on the Floor necessarily has to take account of many factors, we will seek to ensure that careful account will be taken, wherever possible, of any relevant select committee report that is known to be close to publication.

With regard to the nomination of committees (paragraphs 25 to 27), I very much regret the delays that have taken place. I doubt, however, whether specific time limits on appointments to select committees are practicable. As you are aware, these matters are far from being exclusively in the Government's hands; and, especially after a General Election, a considerable time may have to elapse before it is known, for example, whether particular Opposition Members will be available to serve. I hope, however, that in the general interests of the House, a way can soon be found to avoid a recurrence of the recent difficulties over the automatic 'blocking' of appointments to select committees.

Finally, I am glad to say, in relation to the question of staffing (paragraphs 29 to 32), that considerable progress has recently been made towards a new grading structure, on which agreement is being sought by the end of the year. I hope the results of this will be of value to select committees.

Press Notice



Department of Trade and Industry

1 Victoria Street, SW1H 0ET Press Office: 01-215 5995/5060
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2 December 1985

GOVERNMENT REPLIES TO LORDS REPORT ON OVERSEAS TRADE

The government has issued today (2 December) a written reply to the Report of the House of Lords Select Committee on Overseas Trade.

In a written answer to a parliamentary question from Lord Aldington, Lord Lucas, Parliamentary Under Secretary of State for Trade and Industry said:

"The government has today arranged to place its written reply to the Select Committee's report in the Library of the House and will issue the text in the form of a command paper in due course. The House will have an opportunity to debate the report tomorrow."

ENDS

NOTES TO EDITORS

1 Press copies of the government reply are available from DTI press office, tel: 01-215 5060/5061.

2 The House of Lords Select Committee report was published on 16 October 1985.

JS1AHA

GOVERNMENT REPLY TO THE REPORT OF THE HOUSE OF LORDS SELECT COMMITTEE ON OVERSEAS TRADE ON THE CAUSES AND IMPLICATIONS OF THE DEFICIT IN THE UNITED KINGDOM'S BALANCE OF TRADE IN MANUFACTURES

Introduction

The Government welcome the report of the Select Committee as a contribution to discussion.

Analysis

2. The Government agree with many of the Committee's conclusions and recommendations, though in their view th apply to the whole of the non-oil trading sector and not just, or primarily, to manufacturing. In particular, th Government agree that:

- a healthy trading sector is vital to the success of the British economy. It is essential to encourage initiative and enterprise.

- the long-term decline in the relative performance of the UK economy is a matter for concern. The decline in the relative importance of manufacturing is not, of course, a recent phenomenon. The trend has been evident for most of this century and has been mirrored - at a faster or slower rate - by developments in all the other major Western economies since the Second World War.

- the competitiveness of the UK economy, both price and non-price, must be improved further. It is vital to maintain downward pressure on wage costs.

- adjustment to the decline in North Sea oil production is an important issue facing the economy (though the Committee, have in the Government's view, overstated the likely speed of that decline).

3. The Government do not, however, accept the Committee's view that there is a "grave threat to the standard of living and to the economic and political stability of the nation" (paragraph 231.6) which amounts to a crisis and requires a new departure in the form of an action plan.

4. In reaching this conclusion, the Committee have, in the Government's view, paid insufficient attention to the policy changes that have already taken place. The whole thrust of Government policy since 1979 has been designed to reverse the long standing deterioration in the competitiveness of the UK economy and to create the conditions in which enterprise and initiative can flourish. Downward pressure on inflation has been successfully maintained, which has been an essential pre-requisite for sustained growth in all sectors, and a range of measures has been introduced to improve the functioning of the economy. These include the reform of trade union legislation, the improvement of work incentives, the restructuring and expansion of training the removal of unnecessary legislative and administrative burdens, steps to encourage the growth of venture capital, and the strengthening of competition.

5. The sustained recovery of the UK economy in recent years, to which in the Government's view the Committee also give insufficient weight, is evidence of the beneficial effects that these policy changes are beginning to have and helps to put some of the Committee's conclusions into perspective.

Manufacturing output fell at the beginning of the decade as the economy belatedly adjusted to correct long-standing weaknesses at a time of world recession. But since then there has been steady growth. Compared with their troughs in 1981-82 manufacturing output has risen by 11 per cent, manufacturing investment by around 25 per cent and manufacturing productivity by 31 per cent; the volume of manufactured exports has reached a record level. Further growth in output is expected for next year.

6. There are also important elements of the Committee's analysis with which the Government strongly disagree. Whilst the Government are not complacent about the future of manufacturing industry they do not accept the Committee's call for greater discrimination in favour of manufacturing. The logical conclusion of the Committee's analysis is that economic policy should aim to increase the competitiveness and adaptability of the whole economy, not just one particular sector.

7. The Committee identify overall economic performance with the balance of trade in manufacturing. They state (paragraph 72) that "sustainable growth has not been possible and will not be possible without a favourable trade balance in manufactures". There is, however, no close link between the manufacturing trade balance and the performance of manufacturing industry, nor indeed the performance of the economy as a whole. In 1980 the trade balance in manufactures strengthened as manufacturing output fell, and the most rapid weakening in the balance has coincided with the recent period of recovery in manufacturing. The balance moved from a surplus of £4.6 billion in 1981 to a deficit of £3.8 billion in 1984 as manufacturing output increased by 7 per cent. Manufacturing accounts for just under one-quarter of GDP so that the connection between the

performance of manufacturing and overall economic performance need not be a very close one.

8. Furthermore the Government consider that a major influence on the trade balance in manufactures has been the growing surplus in oil. An increase in the surplus on one element of the balance of payments must imply an increased deficit on other parts of the accounts. The foreign exchange earned from oil is used to purchase additional imports, both capital and current, and to invest overseas. The Committee are not consistent on this point. In paragraph 231 of the report the Committee accept that North Sea oil has contributed to the manufacturing trade deficit; but at the same time they argue that oil is masking the deficit.

9. The Committee concentrated, in line with their terms of reference, on the manufacturing trade balance; consequently they gave less weight to other important aspects of the problem of adjusting to a non-oil future. The UK will have to increase exports of goods and services to compensate for the reduction of the oil surplus. The greater is the level of output in the economy the easier that will be. Shifting resources into the non-oil balance of payments requires that the whole economy is sufficiently competitive and adaptable. The Committee acknowledge the importance of competitiveness but could perhaps with advantage have given more emphasis to the question of adaptability and particularly to labour market flexibility.

10. The Government consider that the Committee's emphasis on the need to increase exports of manufactures is too narrow. With the value of manufactured exports still more than twice that of exports of services, much of the burden of adjustment will fall on the

manufacturing sector. But neither is more intrinsically worthwhile than the other. No-one suggests that exports of services could make good all the decline in the oil surplus, but exports of services will undoubtedly have a valuable contribution to make.

11. The Government do not share the Committee's view that increased exports of manufactures will require increased Government assistance to manufacturing. The decline in the oil surplus will put downward pressure on the real exchange rate (in the same way as the Committee accept that the build up of the surplus put upward pressure on the rate), and, in any event, manufacturing can do much to help itself by keeping tight control of unit labour costs. The Committee's analysis also ignores the crucial wider effects of subsidies on the economy as a whole. Increased subsidies to manufacturing imply an increased tax burden on the rest of the economy, so that attempts to promote manufacturing would be at the expense of other sectors.

The Committee's call for action

12. The Government's comments on the specific conclusions and recommendations in paragraph 232 of the report are set out below. Many of the recommendations concern policies which the Government already pursue and will continue to develop.

National Attitude (232.1)

13. The Government strongly agree with the Committee on the need for greater recognition, throughout society, of the importance not just of manufacturing industry but of the whole wealth creating sector. The Committee rightly identify the crucial role of the education system in this. Many of the Government's

policies have been designed to contribute to this change and to the creation of an enterprise culture, though these are not matters for the government alone. The recent White Paper "Better Schools" recognised the importance in education of preparation for working life; and the Green Paper "Higher Education into the 1990s", drew attention to the need for higher education to beware of "anti-business snobbery", and to seek opportunities to encourage the entrepreneurial spirit. The Micros in Schools Scheme, The Technical and Vocational Initiative and the Youth Training Scheme are examples of programmes designed to achieve these objectives. The Government also support, and are contributing to the central costs of, "Industry Year" which the Royal Society for the Encouragement of Arts, Manufactures and Commerce has launced with the objective of promoting a better understanding of industry.

Competitiveness (232.2)

14. The Government are in full agreement with the emphasis placed by the Committee on all aspects of competitiveness. Against a background of satisfactory monetary conditions the way to succeed in international markets is to increase efficiency and reduce costs, in particular unit labour costs on which UK performance is still significantly worse than that of our major competitors. The CBI's Conference has recently shown that industry recognises its primary responsibility for this. The Government also agree with the Committee's conclusions on the non-price aspects of competitiveness; the Government have launched a number of initiatives to promote wider awareness of the importance of high standards of quality and design, and the Department of Trade and Industry provides a range of advisory services and other assistance in these fields. But here again the prime responsibility lies with industry and its managers.

Coordination of Industrial Policy (232.3)

15. The Government accept the importance of continuity and consistency in industrial policy. The NEDC has an important role to play in bringing together representatives of industry, unions, and government. The Council frequently discusses reports covering different sectors of manufacturing industry. The great majority of the NEDC sector committees deal with the manufacturing industries. As NEDO said in their evidence to the Committee, "the ingredients already exist for exchanges of views, the outcome of which can be as far-reaching as the parties choose to make them". No new committee is needed.

Support Measures (232.4)

16. The Government already undertake a substantial programme of support for industry. In the current financial year, the DTI will spend £430 million, about a third of its total budget, in support of industrial R and D and innovation. This programme covers support for collaborative research, including the Alvey programme concerned with advanced information technology; awareness among users of new technologies such as micro-electronics, robotics and advanced manufacturing techniques; and selective support for the projects of individual firms which offer a significant technological advance likely to benefit the whole economy. Further substantial support is provided through regional and territorial spending, through support for exports and through expenditure on training (see Annex).

17. The Government has not neglected infrastructure nor ignored capital projects. They do, however, agree with the Select Committee that infrastructure projects should only be undertaken where they can be justified in terms of economic and social returns. Average

annual expenditure on basic infrastructure has been higher in real terms than when the Government came to power. Some increases in capital spending above previous plans were announced in the Autumn Statement.

The Exchange Rate (232.5)

18. The Government agree with the Select Committee that greater stability in exchange rates is desirable. This is, however, not something that any one country can achieve on its own. Stability against all currencies will be more easily achieved when the dollar settles down at a sustainable level. The achievement of a sustainable dollar exchange rate was one of the principal aims of the meeting of G5 Finance Ministers on 22 September. The meeting agreed that an essential condition of more stable exchange rates was convergence of economic performance in the major non-industrial countries along the path of steady non-inflationary growth.

Interest Rates (232.6)

19. The Government are well aware that high interest rates can cause problems for companies. It is no part of their plans to hold interest rates any higher than is necessary to secure conditions which will maintain downward pressure on inflation. Industry would, however, face far greater problems if the Government tried to force interest rates down prematurely. It is unrealistic to assume that lower interest rates that led to a relaxation of monetary conditions and hence to upward pressure on inflation would leave industry's costs unchanged. Any transient savings to industry would quickly be reversed as inflation accelerated.

Taxes (232.7)

20. The Government believe that the tax changes they have made will improve the performance of all sectors of the economy. In particular the corporation tax changes of 1984 included a progressive reform of capital allowances and a reduction in the corporation tax rate from 52 per cent to 35 per cent. The 1984 Budget also completed the abolition of the National Insurance Surcharge, which at its 1979 rate would now be costing private employers £3½ billion a year. A Green Paper on local rates will be published next year.

Management (232.8)

21. The Government accept the Committee's views on the need to attract an increasing supply of high quality entrants to industry, and the need for education to be responsive to the needs of industry. This is a central theme of the Higher Education Green Paper referred to in paragraph 13 above, which lays particular emphasis on the need for higher education establishments to develop their links with industry and commerce. This was also one of the main recommendations of the IT Skills Shortages Committee and the experience of close links with industry was an important factor in the allocation of support made under the Government's £43 million Engineering and Technology Programme. The Government accept the need for better in-service trainir in industry. Continuing training is encouraged by the range of programmes administered by the Manpower Service Commission.

Investment (232.9)

22. The Government endorse the importance attached by the Committee to investment in industry. The best motive for investment is the prospect of profit. In 1985 the real rate of return of non-North Sea oil

companies is expected to be at its highest level since 1973. The Government recognise that the behaviour of public purchasers can have a profound effect on the health of suppliers. The Government's approach is to get best value for money while using their purchasing power to enhance competitiveness.

Export Promotion (232.10)

23. The Government welcome the support which the Committee have given to the work of the British Oversea Trade Board. The BOTB's policy is to concentrate the funds available on the most cost effective services, and within that to place the main emphasis on helping smaller companies to enter new export markets. The Government have also noted the Committee's views on the Aid and Trade provision (ATP). The Secretary of State for Trade and Industry announced on 12 November an increase in the total level of ATP support available to British companies, and the introduction, with the full support of the financial community, of a new soft loan facility. The Government are satisfied that the facilities and premium charges of ECGD remain broadly comparable with those of its counterparts overseas. The aim remains to phase out export subsidies multi-laterally. The Government are pleased to note the favourable comments of the Committee on the skill and competence of FCO staff engaged in commercial work at home and overseas. Within the manpower constraints to which the civil service as a whole is subject, it has been possible this year to reinforce commercial staff at a number of key Posts.

Import Substitution and Foreign Sourcing (232.11)

24. The Government agree with the Committee that the private sector can do much, without sacrificing value for money, to substitute goods made in the UK for those

currently imported. The Government welcome the initiative of Lord Sieff, Sir Basil Feldman and others in this regard and the "Better made in Britain" exhibitions arranged through the NEDC. The Government also have a part to play, for example by urging buyers to take a second look at the merits of British goods before turning to a foreign alternative. The Government recognise the concern of the Committee over the sourcing policies of multinational companies. There is in some cases a need for a better balance between what a multinational company sells and sources here. While having regard to EC and GATT obligations the Government have detailed discussions with companies to impress that need on them.

Fair Trade (232.12)

25. The Government also accept the views of the Committee on the need to eliminate unfair practices in international trade. It is the Government's policy to work with our Community partners for a common trade policy which reduces remaining barriers to trade and furthers the open trading system. This will be a main objective of the new round of negotiations in the GATT whose launch we favour. The Government also attach high priority to securing a more complete and genuine common market for goods and services within the European Community. The Commission's recent White Paper, and the agreement at Milan in June to create a single market by 1992, offer a real opportunity for progress. In 1986 the Government will work for a substantial advance towards this objective.

Awareness of International Comparisons (232.13)

26. The Government note the Committee's recommendation. It is the function of our Posts in other major industrial countries to report on significant industrial and technological developments there.

Department of Trade and Industry

December 1985

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ANNEX

SUPPORT MEASURES LARGELY GOING TO MANUFACTURING INDUSTRY

£m current prices

		1979-80	1984-85
A. DTI	**(excluding export support)**		
1.	Regional and national selective assistance (all industries excluding tourism)	439	582
2.	General industrial R&D support	86	279
3.	Aircraft and aeroengine R&D and space	56	97
4.	Financial assistance to: aircraft and aeroengines, Rolls Royce, BL, shipbuilding and steel	338	148
(i)	**Sub-total (A1-4)**	**919**	**1106**
B. Territorial			
1.	Scottish Office: industry, energy trade and employment (excl. tourism) including some RDG for 1984-85	100	203
2.	Welsh Office: as for SO above	63	108
(ii)	**Sub-total (A1-4, B1-2)**	**1082**	**1417**
C. D.Energy			
	Selective assistance to individual firms and industries	20	28
(iii)	**Sub-total (A1-4, B1-2, C)**	**1102**	**1445**
D. Export Support (BOTB, ECGD expenditure and borrowing, and FCO)		435	930
(iv)	**Total (A1-4, B1-2, C, D)**	**1537**	**2375**
E. DE/MSC Training			
	Major training programmes	420	1040

Spending on training is shown separately from the totals in row (iv) because it is less heavily concentrated on manufacturing.

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CCBS

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

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Telephone 01-407 5522

From the Minister for Health

DN.

The Rt Hon Viscount Whitelaw
Lord President of the Council
68 Whitehall
London

29th November 1985

NBPM

Dear Willie,

SOCIAL SERVICES SELECT COMMITTEE FOLLOW-UP REPORT ON MEDICAL EDUCATION

I enclose a draft reply to the Social Services Committee's follow-up report on Medical Education which was published in June.

The Committee's original Medical Education Report, published in 1981, dealt with the chronic problems of medical staffing, in particular the imbalance between the large numbers of hospital doctors in the junior training grades and the number of fully qualified doctors, and the consequences of this imbalance for patient care. The Government, in its response to the 1981 report, accepted most of the Committee's recommendations and has been pursuing a policy of consultant expansion to ensure that an increasing proportion of NHS patients are treated by fully-trained doctors.

The Committee's follow-up report is critical of the Government for failing to achieve the changes it had recommended. After analysing the possible reasons for failure to make further progress, the Committee calls on the DHSS to "issue unambiguous guidance on how they are to fulfil Government policies" and on the Minister to develop "operational plans" to implement agreed policy.

I am broadly in sympathy with the Committee's approach to medical staffing and in particular with the view that improvements in patient care must be the paramount consideration; and I accept that progress in implementing policy has been slower than originally envisaged. But I do not accept the Committee's recommendations on how to proceed. I believe that the reasons for slow progress may not be due solely to resistance on the part of vested interests in the medical profession or lack of energy by health authorities; rather it may point to defects in the policy itself. I have therefore decided to launch a review of current policy with the aim of finding why implementation has been so slow and how it can be improved. This new initiative is at an early stage, but has so far been well received by the medical profession and the NHS. The draft response therefore does not directly break new policy ground, although it does indicate that we must find new ways of implementing policy and that policy itself may be modified in the process.

Previous responses to the Committee's reports have been published as White Papers and I feel that would again be appropriate in this case. I would also like to clear the reply in correspondence. The draft has been agreed by officials in the Departments most concerned, Scotland, Wales and Northern Ireland.

E.R.

I would like to publish the reply during this session and so I would be grateful for any comments you may have by 10 December.

I am sending a copy of this letter and enclosure to members of 'H' Committee, the Prime Minister and to Sir Robert Armstrong.

BARNEY HAYHOE

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RESPONSE TO SSC FOLLOW UP STUDY ON MEDICAL EDUCATION

Introductory Chapter

As the Committee noted in its 1981 report on Medical Education [1], concern with the hospital medical staffing structure has a long history. It is already over 15 years since the First Progress Report [2], an agreement between the Health Departments and the profession, enunciated the principle that "the training of doctors should take only as long as the needs of training require and should lead without undue delay to a [consultant] post". This implied careful control of the number of training posts. A subsequent agreement [3] suggested that the problems of medical staffing could be solved by a sustained process of differential growth, with consultant numbers growing at a faster rate than training grade numbers. The problem was looked at afresh in [1976] by a working party under the auspices of the King's Fund [4] and the Royal Colleges have also published several important contributions [5] to the debate. Only a year before the Committee's 1981 report a conference [6] chaired by Sir Henry Yellowlees, at that time Chief Medical Officer of the DHSS, reached a substantial measure of agreement not only on the nature of the problem but also on the preferred solutions.

2. The Committee's 1981 report stands out amongst these other reports, by its insistence that the fundamental issue in hospital medical staffing is not the career prospects of doctors, nor even the requirements of medical education - important as these objectives are - but the quality of patient care. The Committee's central diagnosis was that too much patient care was given by doctors who were inadequately trained or supervised for the work they were given to do, and all the recommendations of the report flow from this. Despite their different starting point, however, the Committee reached broadly similar conclusions to those of the manpower studies referred to above. The major reform required was to increase the ratio of consultant to training posts - by consultant exapnsion and, "in most hospitals and most specialties" by a reduction in training posts. Reform of the career structure itself, in the sense of reconsidering the nature and responsibility of the grades, was considered unnecessary and undesirable.

3. The Government welcomed the Committee's report [7] and proposed changes in the ratio of consultant to training posts and, for England and Wales,

specific national and regional targets [8] for the expansion in consultant numbers and for the consultant:junior ratio. The leaders of the medical profession also welcomed the general objectives set out by the Committee, albeit with certain reservations. The need for a measure of consultant expansion was almost universally agreed [9] and there was also widespread agreement that the number of training posts should be reduced to some extent, provided adverse effects on doctors' workload and on patient care could be avoided [10]. The evidence given to the Committee in its follow-up study [11] shows that the leaders of the profession still maintain their qualified support for the Committee's recommendations.

4. Despite this reasonable degree of consensus across time and between different groups, progress in reforming hospital medical staffing has been very limited. Figure 1 shows how the overall ratio of consultants to junior grades has changed since 1971, and compares this with the targets set in 1971 and 1982. Only in the very last year has the ratio marginally improved (for reasons that are not yet fully clear); for most of the period the imbalance actually worsened. Why?

5. The Committee's latest report considers two possible reasons: the reluctance of health departments or authorities to give priority to reforming the staffing structure; and resistance by some consultants. On the first factor, the Committee notes that no additional funding had been made available by Government specifically for consultant expansion, and that hospital medical manpower had not been the subject of detailed consideration at the annual reviews between DHSS and regional health authorities. They conclude that health authorities will not act unless given positive directions to do so. The Government cannot accept this conclusion: the facts prove otherwise. Resources for the NHS <u>have</u> been growing in real terms, and this growth is available for consultant expansion where health authorities judge that this will further their plans for service development. Some regions have been making determined efforts to improve the balance between junior and senior doctors and to increase consultant numbers. However change cannot take place overnight and indeed should only proceed at the pace which causes the least disruption of patient services. The Government believes moreover that health authorities must, within broad national policies and priorities, have a large measure of freedom to manage their own affairs and to determine the pattern of service locally. Earmarking money for consultant expansion, or detailed directions on the levels of

hospital staffing,* could distort service priorities and hinder the integration of manpower planning and service planning which the Committee rightly calls for in another context [12]. The Government also notes the reservations of the National Association of Health Authorities [13] over the "desirability or practicability of [reducing imbalance of junior to senior posts] simply by increasing the numbers of consultants".

6. The second possible factor considered by the Committee is resistance by some consultants. The Committee notes the reluctance of some consultants to reduce tiers of cover, to undertake on-call duties and so on but concludes that "the extent of consultant resistance can be and is exaggerated. There is consensus behind continuing expansion of the consultant grade, associated with some change in the ratio of consultants to junior posts". The Government accepts that in many districts additional consultant posts, even without additional junior support, would be welcomed by existing consultants. However, experience shows [14] that where health authorities have attempted to combine additional consultant appointments with the loss of junior posts, such changes are usually resisted. It is far from evident that - given any rate of increase in resources which could conceivably be made available - the needs of patients for continuous, safe, 24-hour cover can be reconciled with present agreements on the career structure without significant changes in the nature of consultant work which many consultants would strongly resist. The problem is particularly severe for acute specialties like general medicine and general surgery which have traditionally relied on junior grades for much of their out-of-hours cover. Moreover, the argument that a major reduction in levels of junior support would, by reducing caseload and changing case mix, lead to a loss of expertise amongst the consultant workforce cannot lightly be dismissed.

7. There appears, therefore, to be an impasse. There is broad agreement nationally on the need for changes in hospital medical staffing, both in the interests of patient care and of doctors' career prospects. But at local level, many people are unpersuaded. Such resistance cannot be simply disregarded or written off as ill-informed. On the contrary, the opinion of those most directly concerned with patient care must be taken seriously.

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* Because of the smaller size of Scotland and wales, and in Wales the absence of a regional tier, the SHHD and Welsh Office are inevitably closer to the detail o local service planning than would be possible or desirable in England. The SHHD and WO therefore exercise some functions which in England would be found at regional level; for instance, the Welsh Office, like some English regions 'topslices' to encourage consultant expansion in priority specialties.

8. The Government therefore believes that there is a need for a fresh examination of hospital medical staffing and of the reasons for lack of progress. It may be that the answer cannot be found in attempts to alter merely the relative numbers of the present grades; it may be necessary to examine again the logic of maintaining the existing career structure. The Joint Consultants Committee has accepted the Health Minister's invitation to join in such an examination and health authorities have welcomed the opportunity to participate in it. The Government is confident that a successful outcome would result in an improved service to patients and a more certain future for doctors wishing to make a career in the hospital service.

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Draft IV (22.11.85)

SOCIAL SERVICES COMMITTEE REPORT ON MEDICAL EDUCATION
DRAFT COMMENTS ON INDIVIDUAL RECOMMENDATIONS

Recommendation 1

In view of the Government's commitment in 1982 to a radical change in the ratio of consultants to junior doctors, we cannot but deplore the plain fact that little has happened to change that ratio over the past three years. In the final analysis, the changes proposed are sought by the Government, and it is to the Minister that we are entitled to look for operational plans to bring those changes about.

Recommendation 2

The essence of the problem is agreed to be that, in many specialties, there are too few consultants and too many registrars and SHOs; and that where there has been consultant expansion, it has generally been accompanied by an increase in the number of junior posts. The imbalance in the career structure of hospital doctors cannot be rectified simply by an increase in consultant numbers: some reduction of junior posts is essential. Few junior posts have apparently been closed or replaced by consultant posts following a loss of recognition for training purposes, and it is clear that review of junior posts on educational criteria is unlikely to lead to any significant reduction in junior posts. We reiterate the two central recommendations of the 1981 Report, to the effect that a much higher proportion of patient care should be provided by fully trained medical staff and that in most hospitals and most specialties there should be an increase in the number of consultants. A faster rate of consultant expansion must be accompanied with some reduction of junior posts. We recommend that the Department develop models, based on local experience, for the replacement of junior by consultant posts.

The Government accepts that change has been slow, but the numbers of consultants are increasing each year and the number of juniors has begun to decline. However, given the difficulty described in the Committee's report in making rapid progress with the policy formulated in 1982 it may be timely to review the policy itself, and in particular the targets set at that time. It is clear that many doctors are deeply concerned at the radical change in medical practice implied by these targets. Moreover the development of health services can only take place within the limits of available resources. Indications coming to us from health authorities are that consultant expansion on the scale originally envisaged is not seen either as affordable or as

necessarily providing best value for money for patients. The specialties with the severest problems of grade imbalance are not in general those of the highest priority for service development. And health authorities are not convinced that the replacement of junior staff by consultants can be achieved without additional costs, or that it always represents best value for money.

The government remains committed to the principle that a greater proportion of patient care should be given by fully-trained doctors - and indeed that all doctors should be adequately trained for the work they are given to do - but sees the need to examine the reasons for lack of progress towards this end. The Minister for Health, with the agreement of the other Ministers concerned, has therefore written to the chairman of the Joint Consultants Committee proposing a fresh look at the problems of hospital medical staffing. In particular, the government believes that it should be possible to evolve new arrangements that can be more readily adapted to the needs of different specialties and localities. The possibility of creating a further career grade at a level of full clinical autonomy, and of the wider use of non-training grades below this level, must - as Mr Clarke said in his evidence - remain an open question.

Recommendation 3

Authorities cannot realistically be expected to take the initiative in correcting the medical profession's career imbalance unless specifically directed to do so. We recommend that, based on evaluation of the recently received strategic medical manpower plans, the NHS Management Board now issue to Regions unambiguous guidance on how they are to fulfil Government policies on medical manpower, and on how they are to deal with the financial consequences; and that the DHSS, together with NAHA, now identify those districts or hospitals where significant shifts in the consultant:junior ratio have taken or are taking place, with a view to evaluating the reasons for and effects of different patterns of staffing.

The primary role of health authorities is the provision of services to patients; in order to achieve this they must be able to make effective and flexible use of all the resources, including finance and medical manpower, available to them. The government does not believe that the DHSS can or should prescribe in detail how this should be done*. On the contrary, it believes that health authorities must remain responsible for detailed manpower planning within national policies and arrangements, which should be sensitive to varying local needs. The Department will ensure that regions are developing manpower plans consistent with their planned service developments and that the

*See the footnote to paragraph 5 of chapter 1.

regional plans add up to a coherent national strategy for medical manpower in which the number of training posts is adjusted to expected career openings. Where problems arise, they can be taken up with regions through the accountability process.

The government agrees that evaluation of the different types of staffing patterns that already exist within health authorities will provide valuable information. The DHSS is therefore considering the commissioning of a research study which would examine different patterns of medical staffing and responsibilities in a range of specialties and health authorities. In addition the Department will again write to RHAs inviting them to submit evaluations of any significant shifts in hospital staffing patterns.

Recommendation 4

We continue to reject the idea of two consultant grades, but renew the proposal that further examination be made of the feasibility of separate salary scales, and recommend that further consideration be given to regularising the terms and conditions of those individuals who have been in training posts for many years without prospects of becoming consultants.

The distinction between a two-tier consultant grade, and separate salary scales for (presumably) differing mixes of clinical and management or teaching work, seems a very fine one. As argued above, no option for resolving the present impasse over hospital medical staffing should be ruled out in advance of discussion with the profession.

The government accepts the need to consider solutions for the problems of those doctors in training grade posts who have no realistic prospects of further career progression. This will be one of the issues for discussion with the profession and the NHS.

Recommendation 5

We recommend consideration by all those concerned of elision of the SHO and Registrar grade, based on an effective elimination of the Registrar grade through loss of posts or transfer to SHO or Senior Register.

The structure of postgraduate medical education is a matter for the medical profession and the relevant education bodies, but the government will draw this recommendation to their attention. The Committee's report does not appear to explain how this elision of the training grades would help either to improve patient care or doctors' careers. If the thinking is that doctors in the SHO grade would not be so firmly committed to a particular specialty

as those in the registrar, this appears an over-simplification. A doctor who has a higher qualification in a particular specialty is committed to it, whatever the title of his grade.

Recommendation 6

We recommend continued monitoring by the Department of the clinical assistant grade to ensure that clinical assistant posts are not used as a substitute for consultant expansion.

The government accepts this recommendation.

Recommendation 7

We recommend that the Government, in the course of discussions on the forthcoming Green Paper, take steps to establish a more integrated manpower planning system for hospital and family practice medical staff both centrally and at local level.

The government continues to accept that the balance between primary, community and hospital medical manpower is a vital consideration in NHS manpower planning. At national level there is continuous appraisal of the aggregate supply of and demand for doctors, taking into account the manpower needs of general practice as well as of the hospital and community health services.

As to planning at local level, it must be remembered that Family Practioner Committees are independent bodies, accountable directly to the Secretary of State for the provision of family practitioner services; and that the local distribution of general medical practitioners, in such a way as to achieve an even spread of manpower across the country, is the responsibility of the Medical Practices Committee. In planning levels of manpower and service provision, health authorities do of course take account of the contribution of the family practitioner service towards primary care, and of its manpower requirements. For example, most regions consider explicitly the training requirements of future general practitioners in planning the number of SHO posts required in the various specialties popular with vocational trainees. To that extent, there may already be said to be integrated medical manpower planning at local level.

Recommendation 8

We recommend a more vigorous effort to establish effective manpower data systems on the numbers, occupants and status of all medical posts and commend the progress in Scotland as an example worthy of imitation.

The government considers that the data on the number of doctors in training are already adequate for the purpose of national manpower planning. Data on training posts will be available in detail at regional level, and in summary at national level, when the recommendations of the Third Report of the Health Services Information Steering Group (the "Körner committee") have been implemented. The government are not convinced that the benefits of a national information system on posts (over and above the separate regional systems) have been demonstrated, or that they would justify the likely costs involved.

The DHSS is aware of the West of Scotland system, which appears to be similar in scope to systems being developed in other parts of the United Kingdom.

Recommendation 9

We deprecate the delay of 14 months between completion and publication of the Report of the Advisory Committee for Medical Manpower [Planning]

Ministers judged that the appropriate time for publication would be in the context of the announcement of other linked initiatives such as the changes in the immigration rules for doctors and dentists, announced to Parliament on 26 March.

Recommendation 10

It is not clear that the prospect that the sponsored postgraduate training programmes must mean some UK graduates being obliged to take on training jobs in the less glamorous specialties and that many training posts in popular specialties will be occupied by overseas trainees has been fully appreciated. It is now time to thrash out the details of the sponsored training scheme, so that a halt can be called to the exploitation of overseas doctors.

The government agrees that it is important to ensure that overseas doctors have the opportunity to gain the sort of postgraduate training and experience that will be of value of them on return to their own countries. However, it should be noted that even in the 'popular ' specialties, many posts are already occupied by overseas doctors. It has been agreed with the profession that schemes for sponsorship of suitable overseas

graduates will be worked out specialty by specialty and based on Colleges and Faculties. The Royal College of Obstetrics and Gynaecology is already operating such a scheme, and details of a further pilot scheme in general surgery and orthopaedics are now being worked out between the DHSS and the Royal College of Surgeons.

Recommendation 11

We recommend that the target figure for UK medical school entry be maintained.

The government does not intend any immediate change to the target levels for UK medical school intake, but will review the position in the light of the effects of the changes in the immigration rules described above on the inflow of overseas graduates, and of a further review of medical manpower to be undertaken in 1986.

Recommendation 12

We recommend that the Metropolitan and Provincial Deans formally consider the recommendation made by the Committee in 1981 on the recruitment of a higher proportion of mature students, particularly those from the 'caring' professions.

This recommendation is primarily for the Deans, and will be drawn to their attention. The comments made in the government's response to the 1981 report are still relevant.

Recommendation 13

We recommend continuing Departmental monotoring of the process of doctor-substitution.

The government will continue to assess developments in the substitution of doctors by other professional groups and in the development of multi-disciplinary teams.

Recommendation 14

We welcome the General Medical Council's initiatives on postgraduate training and look forward to a constructive outcome. We recommend that the Minister and the Department ensure that they are fully abreast of developments in the pattern of postgraduate medical education.

The government also welcomes the GMC's initiatives in this field. While the content of postgraduate medical education must primarily be a matter for the profession's independent educational bodies, the Government accepts that the DHSS should keep itself informed of developments and considers that it takes considerable pains to ensure that it does so. For example, the Department is represented both on the General Medical Council and on the Council for Postgraduate Medical Education, and attends meetings of the Higher Training Committees for Specialist Training and the meetings of Regional Advisors in General Practice.

Recommendation 15

We recommend continuing efforts to fund academic chairs in emerging or less popular specialties.

The government accepts that the establishment of academic chairs in emerging or less popular specialties can be an important step in encouraging the development of these specialties. But it is primarily for the University Grants Committee and for individual universities to judge how the progress of academic medecine can best be advance, within the resources made available to them, and in which specialties new chairs should be establised.

Recommendation 16

We look to the General Medical Council to give active encouragement to more organised and varied rotational training arrangements. We recommend that postgraduate and undergraduate deans should intensify their efforts to provide realistic career advice to medical students and trainee doctors, and to that end we recommend a greater degree of involvement of postgraduate deans in the formal mechanisms of regional manpower planning.

The government welcomes these recommendations and will bring them to the attention of those responsible for taking them up.

Recommendation 17

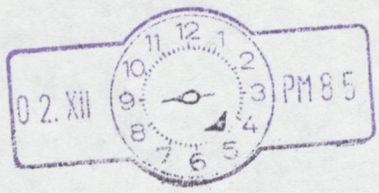
We recommend thorough local examination of the possibilities of extending cross-cover as a means of further reducing onerous rotas.

The government agrees to a further examination at local level of the possibility of extending cross-cover arrangements.

Recommendation 18

We welcome signs that the General Medical Council is showing a broad concern for professional issues in line with its expanded responsibilities.

It is for the General Medical Council to respond to this comment.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Chancellor of the Duchy of Lancaster

Tel No: 233 3299
7471

26 November 1985

Sarah Bateman
Private Secretary to the
Minister for Health
DHSS
Alexander Fleming House
Elephant and Castle
LONDON
SE1 6BY

WRBA7.

Dear Sarah,

SOCIAL SERVICES SELECT COMMITTEE REPORT ON PUBLIC EXPENDITURE

The Chancellor of the Duchy has seen a copy of your Minister's letter of 19 November to the Lord President. He is content with the proposed reply to the Select Committee's report.

I am copying this letter to the private secretary to the Prime Minister and Lord President, private secretaries to members of H, and the private secretary to Sir Robert Armstrong.

Yours ever,

Andrew Lansley

ANDREW LANSLEY
Private Secretary

Parliament; Select Committees, Pt 7

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DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY
Telephone 01-407 5522

From the Minister for Health

The Rt Hon Viscount Whitelaw
Lord President of the Council
68 Whitehall
LONDON

19th November 1985

DRAFT.

Dear Willie,

SOCIAL SERVICES SELECT COMMITTEE REPORT ON PUBLIC EXPENDITURE

I enclose a draft reply on the Social Services Committee's report on public expenditure which was published in July. The Committee's enquiry on social security and health and personal social services expenditure is a routine annual event which follows on from the publication of the Public Expenditure White Paper. This year their report contained no major new criticisms of Government policy, confining its attention mostly to points of detail. It did however follow its past practice of examining general trends in HPSS expenditure. Such press and parliamentary interest as the Committee's report attracted concentrated on its discussion of the difference between growth in NHS spending measured in input volume and economic cost terms, and the then projected slight real terms fall in NHS expenditure for 1985-86, due chiefly to savings in the FPS through the introduction of the selected list.

The draft reply itself breaks no new ground on policy issues. It does however endeavour to put the Committee's conclusions in a proper perspective by emphasising the importance of service output rather than expenditure as a measure of NHS growth, and by highlighting the role of efficiency in achieving service improvements. It also provides more up-to-date information on likely expenditure in 1985-86, showing that we now expect a small real-term increase in NHS spending.

In previous years our reply has been published as a White Paper. I see no reason to depart from this approach. We have also been accustomed to clear the reply in correspondence; I should like to do so again this year. The draft has been seen by officials in the Departments most concerned, Treasury, Department of Environment (local authority personal social services) Scotland, Wales and Northern Ireland.

The Committee has asked that the reply be published in mid November. I would hope not to over-step this timetable by more than a fortnight and I would be grateful for any comments you may have by 29 November.

I am sending a copy of this letter and enclosure to members of "H" Committee, the Prime Minister, and to Sir Robert Armstrong.

BARNEY HAYHOE

WP126/JB

DRAFT 4.11.85

RESPONSE TO THE SOCIAL SERVICES SELECT COMMITTEE SIXTH REPORT (SESSION 1984-85) PUBLIC EXPENDITURE ON THE SOCIAL SERVICES

INTRODUCTION

This memorandum gives the Government's observations on the conclusions and recommendations in the Committee's 1985 report on Public Expenditure on the Social Services. Part I of the memorandum considers the Committee's four conclusions relating to health and personal social services expenditure. Part II contains responses to the individual recommendations made by the Committee. Like the Committee's report, this response relates to the health and personal social services in England.

PART I

National Health Service Expenditure

1. The Committee's first three conclusions use estimates of changes in health service spending measured in "input volume" (ie purchasing power) and in economic cost (ie cost to the economy and the taxpayer). Such figures give only a partial picture unless account is taken of the increases in efficiency with which resources have been used.

2. As the Government has emphasised in previous replies to the Committee, the most important measure of the success of the Health Service is the scale and quality of services to patients. Both increased expenditure (demonstrated in the Government's evidence to the Committee) and increased efficiency (shown for example by the £100 million of cost improvement programmes achieved by health authorities in 1984-85 and the £150 million planned for 1985-86) have been instrumental in achieving very significant improvements in patient care. Since 1978 the number of cases treated in hospitals has risen dramatically. There were 800,000 more in-patient cases, 340,000 more day cases and over 3 million more out-patient attendances in 1984 than in 1978. Between 1983 and 1984 alone the number of in-patient cases rose by 158,000 to about 6.2 million day cases by 92,000 to 0.9 million and out-patient attendances by more than 520,000 to over 37 million. These increases have been greater than those required to meet demographic pressure and

include developments in making modern medical techniques more widely available. For example, between 1983 and 1984, the number of kidney transplants rose by 299 (26%), heart transplants by 70 (132%) and liver transplants by 31(155%).

3. There have been similar substantial increases in the family practitioner services. For example, between 1978 and 1984 the number of courses of dental treatment rose by 4.2 million to 31.2 million and the number of sight tests by 1.9 million to 9.75 million. Between 1983 and 1984 alone the increases were over 700,000 in each case.

4. The expected small fall (0.2 per cent) in real terms in health service spending in 1985-86 is mainly the result of changes in the family practitioner services [(introduction of the selected list and the changes made in the general ophthalmic service, both of which have secured better value for money for the taxpayer)]. The figure is an estimated one and the final figure will depend on and may need to be revised in the light of final figures for the outturn of expenditure on these demand-determined services. Present indications are that expenditure on the Family Practitioner services will be higher than originally forecast. This should result in a small real terms increase over 1984-85 in overall NHS spending.

5. The figures for 1984-85 and for 1985-86 have to be seen in the context of the real terms increases in previous years [21 per cent since 1978-79] and the plans for increases in each of the next three years.

Personal Social Services Expenditure

6. As the Committee notes in its Report, the receipt of information from local authorities on their actual spending in 1984-85, and budgets for 1985-86, has been delayed this year. The latest information available to the Department is that net current spending in England was about £2281 million in 1984-85, and budgets for 1985-86 were about £2421 million on a cash basis. The extent to which there may be a variation from either of these figures is not yet known.

PART II: RESPONSE TO RECOMMENDATIONS

Recommendation 5 - The Department will be spending around £50 million in 1985/86 on the four Special Hospitals. We recommend a review of central management and accountability arrangements for the Special Hospitals.

The Committee's questions earlier this year did not refer to management arrangements and these were therefore not covered in the reply. There have in fact been several important developments.

The four Special Hospitals constitute a national service provided by the Secretary of State for Social Services under the 1977 National Health Service Act for those patients who require treatment under conditions of special security on account of their dangerous, violent or criminal propensities. The Home Secretary has certain responsibilities in respect of individual restricted patients.

Management arrangements for special hospitals have only recently been extensively reviewed. In November 1983 the Special Hospitals' central managers requested the Department's Central Management Service (CMS) Branch to undertake a study of financing arrangements as they operated within, and between, the Department and the hospitals. It was subsequently agreed that the CMS remit should be extended to include an examination of the overall management processes. The study has now been completed. The key recommendations have been accepted by the Office Committee and have gained a broad measure of support within the hospitals. They suggest more formal arrangements for financial allocations and accountability including the setting of overall service objectives within which specific hospital objectives can be set and progress towards meeting them monitored.

In addition, in early 1984 a wide-ranging review of external management structures was initiated covering all four Special Hospital in the period beyond 1986, and taking account of the consequent impact of any changes on the existing internal management arrangements. More recently, the implications for the Special Hospitals of the appointment

of NHS unit General Managers have been incorporated into that review. Ministers are expected to consider the outcome within the next few months.

Recommendation 6 - We recommend that the eventual report of the working party into the services of artificial limb and appliance centres under the chairmanship of Professor McColl be made generally available.

The report has been received and will be published in full. The Government expect to make a preliminary response before Christmas.

Recommendation 7 - We recommend a Departmental review of the organisation and purpose of central management of personal social services.

The Secretary of State does not regulate the resources local authorities use to provide personal social services. His statutory functions are, in general, those of providing guidance to local authorities and not of controlling (except in certain limited matters specified in legislation) the activities of their social services departments. So the Department's role is in no way comparable with what it is in relation to the NHS.

The establishment in April 1985 of the Social Services Inspectorate has provided the Department with a new instrument not for management of the personal social services but for assisting social services authorities to manage their own departments more efficiently and to improve their delivery of services. The Inspectorate's objective will normally be to identify good practice in the use of the resources available to social services departments and to spread knowledge of it. In the carrying out of the Department's functions the Inspectorate works in close collaboration with other parts of the Department. These arrangements, in the Government's view, best suit the effective discharge of the Department's responsibility. The Inspectorate itself is only recently established, and must be allowed to develop before it would be useful to consider a review of this area.

Recommendation 8 - We recommend that the NHS Management Board examine the operation of Departmental control on capital schemes.

Departmental controls on capital schemes have only recently been reviewed. Ministerial decisions on the operation of the Property and Works functions were announced in July 1985. Capital building schemes with an estimated building and engineering content of over £5 million will continue to be submitted to the Department for Approval in Principle. The Department will review existing guidance on the conduct of option appraisals to support Approval in Principle submissions with a view to increasing the effectiveness of this process. Routine submission of schemes to the Department after Approval in Principle will no longer be required. The existing Departmental control of these subsequent stages will be replaced by a system of monitoring through the computerised project information scheme (CONCISE) and through the "audit" of a small number of schemes.

Recommendation 9 - We recommend that the Department work towards the Nurses' and Doctors' and Dentists Review Bodies reporting before the start of the financial year to which their Reports relate.

Although their terms of reference do not specify when or how often they should report both Review Bodies in practice aim to report to the Prime Minister around the end of the financial year. For example, in 1984 the Nurses Review Body reported on 30 March (and not July as suggested in the Committee's report) and the Doctors and Dentists Review Body on 18 April; in 1985 the former reported on 22 April and the latter on 30 April.

On this timetable, the Review Bodies can use the most up-to-date information (which is only available at the end of each calender year or the beginning of the next) on a range of issues which are central to the evidence of the Health Departments, the professions and to the reviews themselves. The information includes nursing manpower data for Great Britain validated to the level of detail required by the Review Body; reliable current earnings data for NHS-employed staff; and a whole year's information about general medical practitioners' earnings and expenses which cannot be made available until shortly before the end of the financial year.

This use of up-to-date data is one of the strengths of the current system and its loss would be a retrograde step. While efforts are continually being made to improve the timeliness of statistical data and other information required by the Review Bodies, the scope of accelerating the timescale substantially is therefore very limited indeed.

Recommendation 10 - We recommend that the detailed results of the monitoring exercise on the savings actually achieved from the introduction of the limited list be laid before Parliament.

It is agreed that the estimated savings achieved from the introduction of the selected list will be reported to Parliament.

Recommendation 11 - We recommend that the Department publish their evaluation of the extent to which Regional Strategic Plans provide for equity between Districts

The Regional Strategic Plans, which are published documents, include Regions proposals for improving equity of access to services for their residents and relate these to other planning objectives. Each Region's proposals for progress towards District equity need to be evaluated in the context of that Region's particular circumstances and its strategy as a whole. Regions are however required to calculate their Districts' distance from RAWP target in accordance with the national RAWP formula (subject to any minor variations the Region may have introduced for local use) and to demonstrate that their plans tackle the major disparities over the 10 year period.

Progress on this front is one of the major criteria on which the Department will assess the plans. It is recognised that it will take longer to achieve District than Regional equity, since the existing disparities of provision are greater at District level. Regions are not therefore required to bring all Districts to equity within the planning period. Broadly, however, the Department would expect to see the more serious deficiencies in services tackled earlier in that period.

Following assessment of the plans, any conditions attaching to their approval, or further tasks that the Region has agreed to undertake will be specified in Ministers' letters to Regional Chairmen notifying formal approval of the plans. Copies of these letters will be placed in the Library of the House.

Progress on implementing the plans will be monitored through Regions' Short-Term Programmes (and, in particular, the Management Accounting Framework). It is recognised that there will not necessarily be an even pattern of progress year by year; funding will need to reflect service plans and in some instances - for example the development of local mental illness and mental handicap services - may for a period run counter to the general direction of resource redistribution.

Recommendation 12 - We recommend that the estimated proportion of FPS expenditure met from related charges be published in each year's Public Expenditure White Paper.

The Government accepts this recommendation.

Recommendation 13 - We recommend that the Department ensure that they are in a position to report to Parliament on additional costs attributable to the re-imbursement of clinicians acting as unit general managers or medical representatives.

The Government does not intend to require health authorities to provide information specifically on the costs of appointing clinicians as general managers or medical representatives. Indeed it is doubtful whether additional costs (if they arise) could be isolated among the other changes taking place as part of the introduction of general management. However the Government agrees with the Committee's suggestion (in paragraph 35 of its Report) that it is important to track the specific cost of the general management function and, with effect from 1984-85, health authorities will be required to identify in their annual accounts expenditure on the general management function.

Recommendation 14 - We recommend that provision be made for evaluation of the latest central initiative "Helping the community to care", and that the results of other evaluations of central initiatives be made available to Parliament as they become available.

The Government has made provision for evaluation where appropriate. Progress reports will be made available to Parliament on the various programmes that make up the 'Helping the community to care' initiative. Results of other evaluation of central initiatives will be sent to the Committee when available.

Recommendation 15 - We recommend that the Estimates should henceforth include brief explanatory notes on substantial real increases from the previous years total provision in subheads or sub-subheads.

The Government accepts the necessity of explaining substantial real changes, and will draw up the relevant paragraphs of the introductory note to each Vote accordingly.

Recommendation 16 - Between March 1983 and March 1984, the numbers of nursing and midwifery staff fell by over 3000. We recommend that, before any further setting of manpower targets or ceilings, the Department undertake an evaluation of their impact at regional, district and unit level.

The manpower targets exercise was designed to bring overall numbers of directly employed staff in health authorities under control and it has been very successful in this. But the responsibility for efficient and effective local deployment of staff remains firmly with health authorities themselves. Health authorities are expected to take full account of manpower when preparing their 10-year strategic plans and annual short-term programmes. This gives them the opportunity to look at what is happening at the local level, and to set manpower in an overall context. Their plans and programmes are submitted to the Department. The manpower ceilings set for March 1986 take full account of regional health authorities' short-term programmes for 1985-86 - indeed nine regions' manpower proposals were accepted without amendment.

Central targets for individual staff groups have not been set, although Ministers have made it clear that they expect health authorities to increase the proportion of staff working directly with patients. It is for health authorities themselves to decide how to achieve this. The proportion of "front line" staff increased from 1983 to 1984 despite the small drop in the numbers of nursing staff referred to by the Committee. There is no evidence that manpower targets or ceilings significantly affected nursing staff numbers and this decline was largely attributable to a reduction in learner intakes, due to uncertainty about the future of second-level (enrolled) nurse training. Moreover, this small fall, of less than 1 per cent, must be seen in context. Between March 1984 and March 1985, the second year of manpower targets, the number of nurses increased by 3,200 (by 4,300 including Agency Nurses) bringing the total increase since September 1978 to over 50,000. The Department considers that the existing arrangements provide the right framework for the assessment of manpower levels, and does not regard a separate form of central evaluation as necessary.

Recommendation 17 - The proportion and value of laundry services contracted out fell in 1983-84 and the proportion of catering and domestic and clearing services contracted out was stagnant. The whole exercise, which has now been underway for around four years has involved a considerable amount of management time and effort; has caused disruption and discontent, not exclusively amongst NHS staff directly employed in these services; and to date has not brought home the bacon. The real impact of competitive tendering, for better or for worse, has yet to be seen.

The Government does not consider that the exercise should be seen in terms of the proportion of services contracted out. It is rather that all these services are subjected to competitive tender and the best tender accepted whether external or internal. The success of the competitive tendering policy should be judged on the maintenance of adequate standards and on its cost effectiveness, not on the proportion of services contracted out. Moreover, until all services have been subject to tender a cost based proportion will understate the volume of services contracted out.

The reduction in the cost-proportion of contracted-out laundry services in 1983-84 will only be seen in perspective when there has been adequate time for the effects of Circular HC(83)18 to show. This Circular was only issued to health authorities in September 1983, not 4 years ago. More recently it has become clear that substantial reductions in the cost of domestic catering and laundry services are taking place. Total expenditure on these services fell in real terms by 3 per cent between 1982-83 and 1983-84 and by 5.51 per cent between 1983-84 and 1984-85.

The Government believes that nothing can justify the obstructive and disruptive attitudes of some trades unions and others in resisting a policy that releases substantial extra resources for patient care.

The Department is receiving regular reports from health authorities which show that the savings produced by competitive tendering are growing all the time. Up to the end of September 1985 in England 368 tendering exercises had been completed which will achieve estimated savings in a full year of £28.2 million and more than 85% of services still have to be put to tender.

Recommendation 18 - Joint finance has been a growing success. Over £500 million over 9 years has been pumped into community health and personal social services. As we said in our Report on Community Care, it is "an essential part of the infra-structure of community care". There would however seem to be grounds for supposing that joint finance is decreasingly likely to be used for new revenue projects in the personal social services for community care. If that was so, it would have serious consequences for community care.

As the Committee notes (paragraph 37) about one-fifth of joint finance funds is estimated to have been spent on health services in 1984-85. The comparable figure for 1982-83 was 15%. We do not at present know the reasons for this increase in spending on health services since detailed information about individual projects is not collected centrally. The Centre for Research in Social Policy at the University of Loughborough and the Institute for Research in the Social Services at the University of York have recently been commissioned by the Department

to undertake research into joint planning and joint financing and have been asked to include this aspect in their investigations. Meanwhile the Government will keep developments under review. Joint finance payments to voluntary organisations also show a slight increase. Nevertheless around three-quarters of joint finance funds are still being spent by local authorities, representing a significant contribution to social services development. The extra health authority expenditure from joint finance funds is helping to develop primary and community health services, and this will often be essential to the development of local authority community services.

The Department knows of little evidence that joint finance has "silted up" (paragraph 37). Some social services authorities have expressed unwillingness to incur further long-term revenue responsibilities through jointly financed projects but most authorities are continuing to take up joint finance. There has been a continuous trend towards spending less on capital and more on revenue projects. About 20% of joint finance funds are available each year for reallocation and the available evidence suggests that nearly all these funds are being used to support new projects.

Recommendation 19 - We recommend that the Department work towards a target of social security expenditure being no more than one per cent - that is £400 million - away from forecast in this and future years; and that detailed forecasts of social security expenditure be made available to Parliament every three months.

The Department is fully committed to producing the best forecasts of expenditure possible without disproportionate cost in data collection. The work undertaken in recent years to improve forecasting and monitoring of benefit expenditure has been reported to the Committee. It must be recognised, however, that these forecasts are built upon forecasts of economic variables which themselves contain a significant margin of uncertainty, and that they are subject to the same inherent imprecision as any system which attempts to model the behaviour of large numbers of individuals. A one per cent margin represents two to three days of benefit expenditure, and at this level outturn is sensitive to a whole range of factors, including even the weather in the last week of the financial year.

Over and above these inherent uncertainties, there have been specific problems in recent years because of the absence of much of the underlying statistical data as a result first of the 1981 industrial action by civil servants and then of the 1984 dispute. The effects of the latter on forecasts are likely to be felt well into 1986. For these reasons, the Department's view is that a specific target of the sort suggested would not be realistic. In the longer terms when the new forecasting systems are established it should be possible to make estimates of the possible margin of uncertainty in the forecast. The Department's view is that the best way forward from there is to seek those areas where improvements can realistically be attempted and, with an eye to the costs involved, make them. A blanket target of 1 per cent or any other arbitrary figure with no regard to the technical problems would not be useful.

So far as providing detailed quarterly forecasts to Parliament is concerned, the Government do not consider it would be sensible to treat the social security programme differently from the generality of public expenditure. Present practice is to publish the estimated current year outturn, by department and for the planning total as a whole, in the public expenditure White Paper. Although forecasts for some departmental programmes or parts of programmes will be available in the year, they will inevitably be subject to considerable uncertainty. However, the Treasury has recently told the Treasury and Civil Service Committee, in reply to the Committee's Sixth Report, Session 1984-85, that it will give further consideration to whether it is able to meet that Committee's request for future Autumn Statements to contain a departmental split for the current year's estimated outturn.

Recommendation 20 - We recommend that the Department investigate in detail the reasons for the growing number of invalidity beneficiaries

The Government shares the Committee's concern about the continued growth in the number of invalidity pensioners and agrees that this should be further investigated. A special study, funded by the Department, is proposed. Details of the work involved are currently under discussion.

Recommendation 21 - It is infinitely regrettable that the Newcastle dispute cost £150 million which could have been far better spent

The Government agree that it is profoundly unsatisfactory that a dispute over working practices in some of the computer areas at Newcastle Central Office should have added £150 million to public expenditure - and also caused extensive inconvenience to members of the public in this country and abroad. The dispute arose over proposals to adjust outmoded shift working patterns to cope better with present and emerging workloads. The changes were needed in the public interest, to secure the most effective and economical use of resources for the payment of benefits. The staff concerned were, in the course of full and thorough negotiations, offered generous transitional arrangements which would have led to no existing member of staff suffering any immediate financial loss. These arrangements were rejected by the union concerned, which initiated stike action. This action was strongly supported by a large proportion of the staff directly concerned, though numbers continued to work and, by exceptional efforts, enabled some emergency procedures to be maintained.

In these circumstances the Department had no alternative but to take all necessary action to ensure that beneficiaries, both in this country and broad, continued to receive the benefits to which they were entitled and on which, in many cases, they relied for their living costs. It was the extra cost of these emergency arrangements that accounted for the greater part of the costs of the strike.

Recommendation 22 - Class XII, Vote 4 of the Estimate seeks £4.231 billion towards housing benefits. Past experience suggests that Parliament is being asked to vote this sum of money with little idea as to the sums which will actually be spent on this service.

The Government appreciates the Committee's concern. The aim is to provide as realistic an estimate of actual costs as possible when asking Parliament to vote the necessary funds. There are, however obvious difficulties in forecasting expenditure on housing benefit. Housing benefit covers a much wider range and cross section of people than other income related benefits (some one in three households). Added to the

difficulties of predicting take-up and changes in income which might affect caseload, there is also the impact of changes in housing costs. The uncertainties which characterise the forecasting of social security expenditure in general are therefore even greater for housing benefit spending. Moreover the wide variations noted by the Committee relate to the first year of a radically new scheme where there was little or no past experience to use as a guide.

Recommendation 23 - We recommend that the Department ensure that the development of community care, in particular for those transferred from NHS to local authority care, is not obstructed by any unnecesary constriction on local authority capital expenditure.

Where patients transfer from NHS to local authority care, capital spending financed by transferred NHS funds is permitted without restriction under the arrangements for control of local authority capital spending. To assist cases where the local authority itself finances such spending, the Government has made allocations before the start of each year to cover in full any bids for capital spending on jointly financed schemes which have been received. There should thus have been no constriction on these developments. The desirability of continuing this will be kept in mind in considering new proposals for controlling local authority capital spending.

Recommendation 24 - We recommend a Departmental quantitative study of future demands from the over 75s for personal social services provided by local authorities.

In the Government's view, a study of this kind undertaken at national level would be of little practical value. Local authorities have statutory responsibility for the personal social services, and in view of the many locally variable factors the setting of levels of service provision must, in the Government's view, be for local decision. Account has to be taken of the characteristics of the local elderly population (ie size, age distribution, health, social and economic status), other statutory provision in the area, the contribution to care made by the private and voluntary sector, and other local considerations.

The role most appropriate for central government is to indicate broad national policies, to issue guidance where necessary and to have a general concern for standards. In that context the development of services to meet the needs of the growing number of very elderly people is among the foremost of our priorities and features prominently in our research programmes and in the work of the Social Services Inspectorate. For example all Directors of Social Services were sent in October 1984 copies of a study of very elderly people and social services departments which had been carried out by the Inspectorate. Directors were asked to review the planning and development of services for very elderly people in the light of the report.

Recommendation 25 - While progress is being made, the introduction of Approved Social Workers still lingers on the edge of fiasco.

The Government accepts that the difficulties created by the NALGO industrial action have been severe for many authorities and that, in consequence, the introduction of approved social workers has been far less smooth than it would have liked. Nevertheless, and as the Committee recognises, an adequate number of ordinary and transitional approvals has been made to provide the required service. CCETSW has issued guidance on the training and means of assessment of social workers for approval under the Act. By 1 October over 12 hundred social workers in England and Wales had successfully completed training and assessment.

Authorities have coped well under difficult circumstances and have generally succeeded in meeting Parliaments desire to have an improved Mental Health Act social work service. The Government is keeping the position under review and is mindful of the need to find a practical solution to the impasse that still prevails.

Recommendation 26 - We recommend that the Department publish in the annual Supply Estimates the costs of reimbursing CCETSW for work on Approval Social Workers; that CCETSW itemise these sums in its Accounts; and that the Department review the balance between administration and other expenditure by CCETSW.

The work by the Central Council for the Education and Training of Social Workers (CCETSW) related to the training and assessment of Approved Social Workers (ASWs) forms only a small part of the CCETSW total administration budget; costs charged to this head were £112,000 in 1983-84 and £269,000 in 1984-85. As the Committee's report notes, the outcome of CCETSW's work has been affected by circumstances beyond the council's control. There does not seem any advantage in including a separate figure for this element of expenditure in the Supply Estimates; the Council will include information on the total actual spending each year on ASW work when presenting its Account.

The Committee's comments on the balance between administration and other expenditure by CCETSW appear to be based on a misunderstanding of the position. The growth in the budget limit for administration expenditure, noted by the Committee, is attributable to the introduction since 1981-82 of two special programmes: the training and assessment of ASW's, and work on shared training (with the NHS) for staff working with mentally handicapped people. On a comparable basis over the period, provision for the Council's core activities has been reduced. In addition to the administration budget a total of £6.3 million was spent on direct support of training provision. The Government keeps the level of all elements of the CCETSW budget under review, and will continue to do so as recommended by the Committee.

Recommendation 27 - We recommend that the Department keep a careful watch on the number of people local authorities are able to assist with holidays.

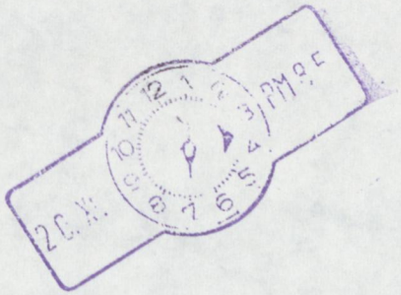
The Government will continue to keep a careful watch on provision of holidays by local authorities. The following points are worth stressing in this context.

First, although the number of cases directly assisted by local authorities has fallen, their expenditure (in real terms) on holidays has risen in each of the last two years for which figures are available. This suggests that holidays are becoming more expensive, and authorities are being stricter about whom they support. Priority-setting of this

kind is a matter for local authorities themselves, although of course, if an authority were thought to be in breach of its duty under the Chronically Sick and Disabled Persons Act 1970, the Government would pursue the possibility of default action.

Secondly, it is difficult to gain an accurate overall picture of activity in assistance with holidays. We have no central figures relating to the significant involvement by voluntary organisation in holidays for disabled people, in some cases supported by financial help from local authorities. We are aware, too, of efforts to interest mainstream holiday operators in disabled customers. If this welcome trend continues it may become even more difficult to form an accurate picture of the full range of assistance being given.

Finally, the Government will continue to encourage voluntary sector activities in promoting holidays for disabled people, and has given grants to several organisations active in this field.



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NORTHERN IRELAND OFFICE

WHITEHALL

LONDON SW1A 2AZ

Miss Nicky Roche
Prime Minister's Office
10 Downing Street
London
SW1

11 October 1985

Dear Nicky

On Monday 21 October we propose to lay before Parliament the following Command Paper:- Northern Ireland Department of Finance and Personnel Memorandum on the 8th and 14th Reports from the Committee of Public Accounts 1984/85.

There is a PAC Debate on 24 October. A copy of this letter goes to Mr Hill in the Lord Privy Seal's Office.

Yours sincerely

Nigel Walker

N R WALKER
Parliamentary Section

M I D

Govt Mach
announcements

351/32

HMT told OK

NR 8/10

Nicky Rocher CC NO

This seems fine

JV 8/10.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 4749

Tim Flesher Esq
10 Downing Street
LONDON
SW1

7 October 1985

TREASURY MINUTE REPLYING TO THE 15TH TO 25TH REPORTS OF THE PUBLIC ACCOUNTS COMMITTEE 1984-85

The Treasury wishes to publish as a Command Paper a Treasury Minute in response to the Public Accounts Committee's 15th to 25th Reports 1984-85. The text has been agreed between the Treasury and departments to whom the PAC reports were principally addressed; and approved by the Financial Secretary who has agreed to the Treasury Minute being published in his name.

2. As you are aware the Government has approved a debate on the Public Accounts Committee on Thursday 24 October. We consider it vital to have published replies to as many of the Committee's reports by that date as is practicable. The Treasury has already published replies up to the PAC's 13th Report before the Summer Recess. Northern Ireland Office is proceeding with a reply to the PAC's 14th Report. That leaves us with replies to the PAC's 15th to 25th Report which is as many as can be completed in time.

3. Since it is not normal practice to publish the replies when the House is not sitting, and to give as much notice of the response before the debate, we suggest we both lay and publish the Treasury Minute on Monday 21 October:

(i) laying in the House at 2.30 pm
publication by HMSO at 3.30 pm.

We should, as usual, supply copies of the Treasury Minute just prior to publication to the relevant departments which have contributed to the reply, to PAC members and the National Audit Office and to the Lobby.

4. Even with the interest of the coming debate we doubt whether the Treasury Minute will attract much interest. It is in no way controversial and there are no particular newsworthy features. I attach, for information, a list of the reports dealt with in the Government reply with a brief description of the subject matter.

5. May we have your urgent agreement, please to proceed with these arrangements?

6. I am sending copies of this letter to Murdo Maclean, David Morris and Bernard Ingham.

Richard Savage

RICHARD SAVAGE
ASSISTANT PARLIAMENTARY
CLERK

PAC REPORTS COVERED BY TREASURY MINUTE

15th Report 1984-85 : FCO Management of Overseas Estate (FCO)

Requiring FCO to cut some of the more lavish accommodation standards and hasten nationalisation of overseas property holdings.

16th Report 1984-85 : Major Projects Statements (MOD)

Expresses concern about delays and cost escalations which always seem to accompany all such projects.

17th Report 1984-85 : General Dental Services (DHSS/SHHD/Welsh Office)

General review of dental service, finding a number of problems with the running of the service (eg unnecessary and unsatisfactory treatments, difficulties over dentists' pay, need for better geographical distribution of dentists etc).

18th Report 1984-85 : Monitoring and Control of Water Authorities (DOE)

Worries about adequate public accountability and criticisms about financial management and reporting of performance against targets.

19th Report 1984-85 : Economy Measures, Fraud and Corruption and Building Maintenance Expenditure in PSA (PSM)

Follow up to earlier reports (which included some criticism of the previous head of PSA, Mr Alfred, who subsequently resigned). The present report shows dissatisfaction with progress on the reforms being attempted to improve matters in PSA wages and keeping up the momentum.

20th Report 1984-85 : Social Security Benefits (DHSS)

Made report subject to changes following Government's Green Paper on Reform of Social Security. Welcomed efforts to reduce growth in

administrative costs but concerned at failure to achieve anticipated savings from cheaper payment methods.

21st Report 1984-85 : ECGD Accounts (ECGD)

Concern about continuing decline in trading and cash-flow positions.

22nd Report 1984-85 : NHS Energy Conservation (DHSS/SHHD/Welsh Office)

Progress-chasing report expecting specific earmarking of funds for efficiency projects and central savings targets.

23rd Report 1984-85 : NHS Supplies and Pharmaceutical Price Regulation Scheme (DHSS)

Concern about departments inability to put figures to its plans for improving stores rationalisation. Recognised difficult judgement ensuring fair balance between NHS interests and need for profitable and vigorous UK phamaceutical industry.

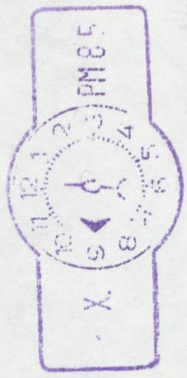
24th Report 1984-85 : Dockyards Operations and Manpower (MOD)

Critical of financial appraisals of options available to Parliament which are needed to allow Parliament to decide which policy options should be followed.

25th Report 1984-85 : Profit Formula (MOD, Treasury)

Criticises appointment of Mr Levene as Accounting Officer when he is precluded from seeing papers relating to business done with his former companies. Also critical of decisions taken on settlement of profit formula (allowing "windfall" profit to defence contractors).

Gov Macn Announcements
Pt 2.



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Bernard

bc R. Hatfield

10 DOWNING STREET

24 July 1985

From the Private Secretary

MERCHANT SHIPPING:
INVOLVEMENT OF PARLIAMENTARY PRIVATE SECRETARIES

The Prime Minister has seen your letter to me of 18 July. She believes that the normal practice that Secret material should not be made available to Parliamentary Private Secretaries if at all possible should continue to be followed.

(Andrew Turnbull)

Henry Derwent, Esq.,
Department of Transport

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RM

CONFIDENTIAL

cc Richard Hatfield for advice pl
AT 19/7

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

Andrew Turnbull Esq
10 Downing Street
LONDON
SW1

Prime Minister (1)

18 July 1985

Sir Robert's office advise that all previous such requests have been turned down.
Agree case not made out?
AT 23/7

Yes mt

Dear Andrew

MERCHANT SHIPPING: INVOLVEMENT OF PARLIAMENTARY PRIVATE SECRETARIES

"Questions of Procedure for Ministers" acknowledges the need to bring Parliamentary Private Secretaries into departmental discussions in appropriate cases, but requires the seeking of the personal authority of the Prime Minister if they are to see papers, or have other access to information, graded Secret or above.

My Secretary of State is holding an all-day meeting on shipping policy early in August. A large part of the meeting will be concerned with the political requirements that need to be met by our policy, and our presentation of it. He regards it as important that his PPS - Angela Rumbold - and David Mitchell's PPS - Marion Roe - should participate in the meeting.

One of the important subjects for discussion will be the adequacy of the merchant fleet for defence needs and for civil re-supply in time of war or other emergency. Much of this material is classified Secret.

Accordingly, my Secretary of State would be very grateful for the Prime Minister's authority for the two PPSs to have access to material of that classification prepared for, and discussed at, the meeting.

Yours sincerely,

Henry Derwent

HENRY DERWENT
Private Secretary

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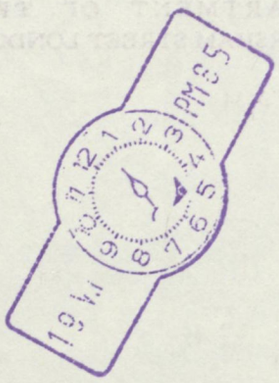

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10 DOWNING STREET

From the Principal Private Secretary

16 July 1985

CONFLICT OF INTEREST IN THE HOUSE OF COMMONS: LOBBYISTS

Thank you for your letter of 12 July. The Prime Minister was interested to see that steps are being taken to control the access of some research assistants and others concerned with lobbying to Parliament. This is one aspect of the problem, but of course the Prime Minister and her colleagues had in mind the wider question of the activities and methods of lobbyists when they discussed this matter on 1 July.

I am copying this letter to Joan MacNaughton (Lord President's Office, David Morris (Lord Privy Seal's Office), Alex Galloway (Paymaster General's Office) and Richard Hatfield (Cabinet Office).

FERB

Murdo Maclean, Esq.,
Chief Whip's Office.

CONFIDENTIAL

351/24

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 4749

Tim Flesher Esq
10 Downing Street
LONDON
SW1

15 July 1985

so done NR 16/7

Mrs Lomax

OK

Dear Tim,

TREASURY MINUTE REPLYING TO THE 12TH AND 13TH REPORTS OF THE PUBLIC ACCOUNTS COMMITTEE

The Treasury wishes to publish as a Command Paper a Treasury Minute in response to the Public Accounts Committee's 12th and 13th Reports, 1984-85.

2. The PAC is currently rushing out as many reports as it can manage before the Summer Recess. It will not be possible to respond to those reports until Parliament returns in October. Meanwhile, the texts responding to the PAC's 12th and 13th Reports, which were published last month, are now ready. The Financial Secretary has approved the texts and authorised the Government's reply being presented in his name. With your agreement we should now like to publish these replies to the PAC before the Recess. It is not customary for the Treasury to publish replies to PAC reports while the House is not sitting.

3. Although the terms of the Treasury Minute are in no way controversial, extraneous factors could lead to its publication receiving some attention in the press.

4. The reply to the 12th Report deals with the pricing arrangements between DHSS and the British Oxygen Company for the supply of medical gases to the NHS. There had been allegations by Mr Campbell-Savours, MP and by the Guardian about excessive prices being charged and significant excess profits obtained by BOC in its contract with the NHS. In the event, the PAC found no substantiation of the allegations.

5. The reply to the 13th Report deals with the disposal of Forestry Commission land. The PAC, and some Opposition Members mainly in Scotland, were unhappy because the Forestry

Commission declined to disclose publicly the prices obtained for land sales. However, the Forestry commission will in future provide such information in confidence to PAC on request so the Committee can satisfy itself about sale prices on Parliament's behalf.

6. We propose publication of the Treasury Minute on Wednesday 24 July at 3.30pm. As usual, we expect to provide pre-publication (ie. CFR) copies prior to publication, for:-

(a) laying the Command Paper before both House of Parliament at 3.30pm on Tuesday 23 July;

(b) DHSS and the Forestry Commission (the relevant departments) on 23 July;

(c) release to PAC members and the National Audit Office on 23 July;

(d) Treasury Information Division to supply to the lobby on the morning of 24 July.

7. May we have your approval to these arrangements? In view of the tight publishing timetable, due to the imminence of the Recess, we need to conform with HMSO by the morning of Friday, 19 July whether publication is to go ahead.

8. I am sending copies of this letter to Murdo Maclean and David Morris.

Yours ever

A J SALVESON
Parliamentary Clerk

From: The Private Secretary

Government Chief Whip
12 Downing Street, London SW1

1. Mr Fletcher
2. Prime Minister
This only deals with a very small facet of the problem.

RERB
15.7.

12 July 1985

CONFIDENTIAL

Dear Lobbin,

CONFLICT OF INTEREST IN THE HOUSE OF COMMONS: LOBBYISTS

In your minute of 1 July to Sir Robert Armstrong you recorded that the Lord President and the Chief Whip should give further thought to ways of discouraging the activities of parliamentary lobbyists and protecting Members of Parliament from the pressures which the tactics of these firms were now imposing upon them.

The Chief Whip has discussed this matter with the Lord President and and with the Lord Privy Seal as well as with the Assistant Serjeant at Arms.

As you know, the Select Committee on Members' Interests point out that there are research assistants and others with privileged access to the House whose principal interest is in fact in the fields of lobbying and public relations and they propose that the House should be made aware of such cases. The Committee accordingly recommended that holders of permanent passes as Members' secretaries or research assistants should be required to register any other paid occupation which they follow and that this information should be available to Members. Following the Chief Whip's discussion with the Assistant Serjeant at Arms it has emerged that there is a further category of photopass which is issued at the discretion of the Serjeant at Arms. These are known as "Category 30 photopasses". Since the last security report on 30 September the number of category 30 passes which were issued has increased from 247 to 391 and included organisations like the Association of County Councils, water authorities, the Association of District Councils, British Nuclear Fuels and several representatives of commercial firms whose job in life

is to badger Members.

This question is now being raised with the Serjeant at Arms to see whether a greater check can be kept on the numbers issued and the people who hold them and the security angle is also under consideration.

In addition, both the Lord President and the Chief Whip believe that the House should give Guidelines on the issue of these passes rather than leave it entirely to the discretion of the Serjeant at Arms.

This, and other relevant matters which arose during the course of last Friday's debate will be kept under review.

I am sending a copy of this letter to Joan MacNaughton, David Morris, Alex Galloway and Richard Hatfield.

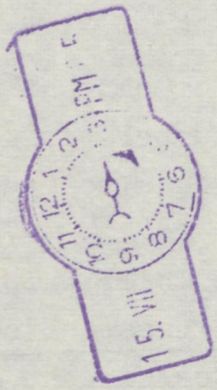
Yours ever.

Murdo MacLean

M MacLean

F E R Butler Esq

H/C Procedures; Parliament Pt 7.



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QUESTIONS TO THE PRIME MINISTER

The Clerk to the Committee has provided a background note (PMQ1) to this issue.

The main points that emerge are:

(i) confirmation that the popularity of 'engagement' questions continues to grow (i.e. reinforcement of the argument that the present form of PM's Question Time broadly reflects the wishes of most Members);

(ii) the ineffectiveness of exhortation in changing the practice of the House (the recommendations of the 1976-7 Procedure Committee, summarised at para. 2 of PMQ1, have made little or no difference.)

It seems likely that the basis of the Committee's questioning will be focussed on the proposals for change indicated in the attached note as having been discussed at the Committee's meeting on 11 June.

(i) a new scheme for encouraging specific questions by a system of 'two stage tabling' - the second stage being the tabling of the specific terms of the question 'no later than 2.30 p.m. on the day before the Prime Minister was due to answer' : Speaker would discourage supplementaries on remaining 'open' questions;

(ii) P.M's questions on only once a week (Wednesday?), but for half an hour.

Questions that are likely to be raised seem likely to include:

(i) would the system retain topicality;

(ii) would P.M's questions only once a week affect other business, attendance etc;

(iii) what evidence is there of dissatisfaction with 'open question' system; if so, why does it continue to grow? would a straightforward ballot (with or without 'open' questions) be preferable?

is understood that the Leader of the Opposition shares the Ministerial ference for the retention of the status quo. From a Ministerial wpoint a single half-hour could in adverse circumstances be less readily dled than two shorter sessions, and 24 hours notice of questions might be an adequate quid pro quo. More generally, it could be argued t the proposals would deprive P.M's Question Time of a degree of icality, and of an unpredictability that has its place in the procedure the House.

eover, it seems doubtful whether the Prime Minister would wish, under se proposals, to give an unqualified commitment never to transfer stions, however detailed and related to the responsibilities of a ticular Minister. No 10's view on any 'non-transfer' undertaking e problems ii) have been sought, but have not yet been received.

ote of the Lord Privy Seal's discussion with the Prime Minister on June is attached. The general line was agreed that whilst acknowledging t the matter was one for the House it might be emphasised that the sent system has evolved because most Members seem to want it that way. introduction of televising proceedings might provide an appropriate ortunity for further review.

hort historical note on the development of P.M's questions is also ended.

10 DOWNING STREET

From the Private Secretary

17 June 1985

36 17.6

Dear Alison,

The Prime Minister met the Lord Privy Seal and the Chief Whip today to discuss the proposals of the Procedure Committee for the conduct of Prime Minister's Questions and, in particular, the evidence the Lord Privy Seal was proposing to give to the Committee.

The Prime Minister noted that the Procedure Committee had proposed a 30 minute session of Questions once a week with notice to be given of the Question to be asked on the day before. She stressed that the form for Prime Minister's Questions was a matter for the House of Commons, not for the Government: she would remain ready to answer Questions in whatever form the House of Commons decided. Nevertheless, the meeting noted that there were clear advantages and disadvantages in the proposals of the Procedure Committee. The obvious advantage was that a session once a week with prior notice of Questions would make fewer demands on the Prime Minister's time than the present arrangements. Moreover, substantive Questions might help to reduce the tendency to disorder during Prime Minister's Questions which appeared to be increasing. It was, however, unlikely that the Opposition would see advantage in switching to an arrangement under which the Prime Minister was questioned only once a week. Moreover, there were a number of disadvantages from the Government's point of view. For example, the present arrangements enabled the Prime Minister to defend Government policy in the most public way possible twice a week. To reduce her opportunities to do so to once a week would be a loss to the Government as well as to the Opposition. A system of advance notice for Questions would rob Prime Minister's Questions of much of its spontaneity and hence of its topical interest. In addition, the Prime Minister herself would no longer be required to keep herself briefed on the broad range of Government policy for Prime Minister's Questions and would, therefore, have to find some other way of meeting that need. Moreover, the substantive Questions envisaged by the Procedure Committe may well become excessively detailed, in which case the Prime Minister would see no alternative but to transfer them.

Given these disadvantages and the likely resistance of the Opposition to the proposals made by the Procedure Committee, they were unlikely to make a great deal of progress. Whatever the defects of the present arrangements for Prime Minister's Questions it was clear that they met the wishes of the House. The opportunity to put down substantive Questions was already there but very few Members took advantage of it. Any attempt to impose a different regime upon Members of Parliament would be likely to be met by increased ingenuity in getting round its provisions. The Engagements Question had been invented to put open Questions to the Prime Minister, and other devices would be found in future if that was what the House wanted. Moreover, it was unlikely that a change in procedure alone would bring about an improvement in parliamentary behaviour. A much more significant influence would be the advent of television, if that came about. A much more sustainable position for the Procedure Committee might be to promise a review of the conduct of Prime Minister's Questions if, and when, television was finally installed.

Summing up the discussion the Prime Minister said that in his evidence to the Procedure Committee the Lord Privy Seal should stress that the conduct of Prime Minister's Questions was a matter for the House and that the Prime Minister remained ready to meet the wishes of the House. He might however point out in addition, that the present system had evolved largely because Members wanted it and that the opportunity to ask substantive Questions already existed. Moreover, the Prime Minister could not be expected to answer extremely detailed substantive Questions and such Questions would, as in the past, be likely to be transferred. Any new arrangements likely to command the support of the House as a whole could not prevent Members from raising with the Prime Minister the issues of the day. There would for example, be discontent if the Prime Minister were not to answer Questions on a Thursday after Cabinet meetings.

I am sending a copy of this letter to Murdo Maclean.

Yours ever

Tim Flesher

TIM FLESHER

Miss Alison Smith
Private Secretary
Lord Privy Seal's Office

File

MR MORRIS

You asked for a short historical note on the arrangements for P.M's Questions. This is attached.

A more extended historical note is at paragraphs 11 to 24 of Annex 2 to the Fifth Report from the Select Committee on Procedure (Sessional Committee) 1976-7 'Questions to the Prime Minister'.

M W TOWNLEY
17 June 1985

PRIME MINISTER'S QUESTIONS: HISTORICAL BACKGROUND

1. The present arrangements for Prime Minister's Question Time, whereby Questions to the Prime Minister are taken at 3.15 pm for ¼ hour on Tuesdays and Thursdays, date from 1961.

2. From 1904 until 1960 the Prime Minister had been liable to answer Questions not later than No 45 on Mondays, Tuesdays, Wednesdays and Thursdays. From the early 1950s, however, the convention grew up that the Prime Minister answered personally only on Tuesdays and Thursdays. Briefly, in 1960-61, this convention became formalised on the basis that Questions to the Prime Minister were taken on Tuesdays and Thursdays beginning at No 40.

3. The arrangements for "Prime Minister's Questions" were last considered by a Procedure Committee in 1976-77 (Fifth Report of the Select Committee on Procedure (Sessional Committee), Session 1976-77). The main conclusions of this Committee were that the Prime Minister should retain more Questions for personal answer (this has been accepted by successive Prime Ministers); and that fewer "indirect" Questions of the "official visit" kind should be tabled. This latter recommendation appears to have had little influence. Prime Minister's Question Time had previously been considered by the Select Committee on Parliamentary Questions in 1971-72 which had concluded that they were unable to propose any procedural changes that would relieve the current pressures on Prime Minister's Question Time. They did, however, recommend that for an experimental period Prime Minister's Questions on Tuesdays should be extended by 15 minutes until 3.45 p.m. This recommendation was not adopted.

4. The Select Committee on Procedure of 1977-78, which had general terms of reference, did not make any recommendations in this field.

Open Questions

5. Indirect or "open" Questions to the Prime Minister first came to notice as a device in Session 1971-72. They were then 10 per cent of all Questions to the Prime Minister. By 1976-77 they had grown to 58 per cent of PM's Questions. The reason generally given for their growth is that they provided a successful way of combating the previous tendency for Prime Ministers to devolve Questions put to them to a Departmental Minister.

6. "Open" Questions to the Prime Minister were last substantively considered by the 1976-77 Procedure Committee (Fifth Report of the Select Committee on Procedure (Sessional Committee), Session 1976-77. That Committee made the following recommendations:

"(1) The Prime Minister should retain for answer by himself more Questions that raise wide or important issues, even if strictly speaking they fall within the responsibilities of a Departmental Minister, on the lines of the proposal contained in the letter from the Prime Minister's Secretary of 18 April (Annex 1).

(2) Members should table fewer Questions of the "official visit" or "official engagement" type ("indirect Questions) and more Questions of the kind the Prime Minister has now said he is prepared to retain.

(3) "Indirect" Questions should not be grouped for answer with identical Questions on the paper for that day.

(4) Mr Speaker should enforce stricter rules of relevance on supplementary questioning arising from "indirect" Questions to the Prime Minister."

Successive Prime Ministers have accepted the first recommendation, but the others seem to have had little effect.

7. In evidence to the Committee the Principal Clerk of the Table Office suggested for consideration two possibilities (paragraphs 28 to 33 of Annex 2 to the report). These were:

(a) that in respect of oral Questions to the Prime Minister the Speaker might be given power to promote "direct" Questions above "indirect" Questions;

and (b) that a Question, if drafted in an indirect form, should be ruled out of order.

8. The Committee did not adopt these proposals. They referred (paragraph 7) to "the extreme difficulty of devising a definition of "indirect" Questions that would defeat the ingenuity of Members", and also to the potential value of "indirect" Questions in promoting topically, spontaneity and flexibility.

SUGGESTED OPENING REMARKS IN RESPONSE TO POSSIBLE OPENING 'IS THERE ANYTHING YOU WISH TO SAY GENERALLY ABOUT THE WORKING OF S.O. NO 10?'.

"I do not think there is much I can add to what I said in my letter to you, Mr Chairman, in my letter of 4 June, which I believe the Committee have seen.

It seems to me that some procedure of this kind is probably essential. How effectively it works, and whether it takes up a disproportionate amount of Parliamentary time, depends essentially on the self discipline imposed by the great majority of Members, and the influence they can exert on those few Members on both sides who might otherwise abuse it.

As I calculate it from the Clerk's memorandum, the House has spent a maximum of about six or seven hours a Session in hearing unsuccessful applications made under the procedure. But I do not think this means that all this time is necessarily wasted. The Member concerned has had his opportunity to make his point when the 'iron is hot', so to speak, and the fact that he can do so in this way seems to me not only a useful Parliamentary right, which he may not be able to exercise so effectively in any other way, but retains in our proceedings a valuable element of unpredictability. If the procedure is sometimes exploited, as it undoubtedly is, I would personally see this as a not unreasonable price to pay, unless any abuse became a good deal more blatant than has been the case hitherto."

WORKING OF STANDING ORDER NO 10

The Clerk of the House has provided the Committee with a note on the history and working of this Standing Order (PMQ 5), and it seems likely that this, together with the Lord Privy Seal's letter of 4 June 1985 will provide the basis of the Committee's questioning.

Salient points in the Clerk's memorandum include the following:

(i) it was the acknowledged purpose of the revised procedure introduced in 1967 (and effectively endorsed by the rejection by the House of the 1976-77 proposed changes) that more 'emergency' debates would be granted;

(ii) very few applications are <u>granted</u> (2 or 3 a session); but a much greater number are <u>sought</u> (average from 1976-77 to 1983-84 58; 84 in 1983-84: the range of subject matter (paras 13 and 14) is varied;

(iii) average time taken up is 4.73 minutes per application (say, 6½ hours in 1983-84); proceedings took more than 8 minutes on 11 occasions).

Specific questions that may be asked arising out of questions raised in the Clerk's paper include the following:

(i) <u>Opposition 'emergency' debates on Opposition ½ days</u>

The 1976-77 Committee recommended that the Opposition

should be able to earmark four half supply (Opposition) days for debates of which they would only be required to give 'a clear day's notice'. The Clerk suggests that if the Committee wished to reserve S.O. 10 debates for backbenchers they might wish to have another look at this idea.

Any such changes would presumably be unwelcome to Ministers, as giving the Opposition an opportunity to override the Parliamentary time-table on any day they chose, and at short notice. If raised, it is suggested that the line taken might be: "My immediate reaction is that it is probably best to keep separate the arrangements for 'emergency' debates and those for the use of 'Opposition days'; and that the need for special 'emergency' debates of an SO 10 kind should be left to the Speaker's judgement, as at present."

(ii) Q. Should a time limit be placed on proceedings under S.O.10?

A. I doubt whether this is practicable, although I should very much support Mr Speaker in his view that Members should be able to make their submissions within three minutes or so.

(iii) Q. Should a minimum number of Members have to be present in the Chamber before a S.O. 10 application can be made?

A. As I said in my letter to the Chairman I doubt whether this would be acceptable to the House. I see this procedure as a valuable safety-valve, and I do not think we should complicate its operation. A maximum of

six or seven hours a session does not seem to me too unreasonable a price to pay.

Foreign and Commonwealth Office

London SW1A 2AH

5 July 1985

Dear Tim,

Government Reply to Foreign Affairs Committee's Report on Famine in Africa (HC 56)

I wrote to you on 7 June about our reply to the above report. Mr Raison will now be in Ethiopia on 18 July when it was intended to publish the reply in the form of a White Paper and will not be available for interviews etc. Sir Geoffrey Howe therefore proposes to bring forward publication to Monday 15 July with the CFR copies issuing on Friday 12 July.

I am copying this letter to David Morris (LPS), Murdo Maclean (Chief Whip's Office), Alex Galloway (Paymaster General's Office) and Richard Hatfield (Cabinet Office).

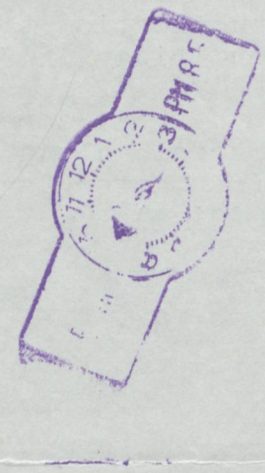
Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

Tim Flesher Esq
10 Downing Street

PARLIAMENT: H/C Procedure: R7.



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Subject

cc Master

SRW

10 DOWNING STREET

From the Principal Private Secretary

Sir Robert Armstrong

CONFLICT OF INTERESTS IN THE HOUSE OF COMMONS: LOBBYISTS

The Prime Minister was grateful for your submission of 19 June (A085/1684) covering a note for further discussion by Ministers. The Prime Minister had a word about this with the Lord President, the Lord Privy Seal, the Chief Whip and the Paymaster-General this morning.

The Lord Privy Seal suggested that this matter would best be dealt with in the context of the response to the first report from the Select Committee on Members' Interests 1984/85. It would be possible, following consultations through the usual channels, for the Government to arrange a debate on this report and to include a resolution embodying recommendations already made by the Select Committee to the effect that members should declare to the House lobbying activities and names of individual clients for whom they were performed. The definition of lobbying activities previously made by the Select Committee on Members' Interests was already wide. If such a resolution could be agreed with the Opposition Front Bench, it could make it much more normal for members to declare interests of this sort and thus would be likely to curb the growth which had recently occurred.

In discussion, it was recognised that the Opposition might well seek to amend such a resolution in a way designed to discriminate against Conservative members. On the other hand, it was pointed out that the Opposition Front Bench could be expected not to support such efforts; and if agreement was reached through the usual channels, there was a good prospect of getting a helpful resolution accepted. It was pointed out, however, that this would not by itself deal with the activities of Parliamentary lobbyists: this was a separate question but some of the tactics being used by firms of lobbyists - for example on the Bill abolishing the Metropolitan Authorities - had been highly questionable.

Summing up the discussion, the Prime Minister said that the general view was that a Ministerial group was not necessary. The question concerning the activities of members should be pursued on the lines proposed by the Lord Privy Seal, in the context of the first report from the Select Committee on Members' Interests 1984/85. The Lord President and the Chief Whip should give further thought to ways of discouraging the activities of Parliamentary

BM

lobbyists and protecting Members of Parliament from the pressures which the tacts of these firms were now imposing upon them.

I am copying this minute to Miss MacNaughton (Lord President's Office), Mr. Morris (Lord Privy Seal's Office), Mr. Maclean (Chief Whip's Office) and Mr. Galloway (Paymaster-General's Office).

F.E.R.B.

1 July 1985

CABINET OFFICE

From the Chancellor of the Duchy of Lancaster

Lord Gowrie

MANAGEMENT AND PERSONNEL OFFICE
Great George Street
London SW1P 3AL
Telephone 01-233 8610

The Rt Hon The Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
Whitehall
London SW1

26 June 1985

Dear Willie,

RESPONSE TO THE FOURTH REPORT FROM THE SELECT COMMITTEE ON THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

Thank you for your letter of 20 June conferring H Committee policy approval for the Government response to the PCA Select Committee. I have noted your point about legislation. I am grateful to colleagues for their comments on the draft I circulated on 23 May. These have been taken into account in the final text attached. The Government response will be published on 8 July.

George Younger sought my agreement to colleagues giving NDPBs advance warning of the Government response. I am content for them to do so at their discretion. They will I am sure make it clear that advance warning is being given in confidence. It would be discourtesy to the Select Committee to allow our response to become public before they are aware of it.

I have retained the criteria for selecting NDPBs for extension which George Younger suggested might be omitted. Colleagues in general were in favour of stating criteria and without them we might find it more difficult in future to resist extension of jurisdiction to unsuitable bodies. I have taken Leon Brittan's point about NDPBs handling their own PCA complaints, though using slightly different words. In due course we shall have to offer NDPBs guidance on how to handle complaints.

Norman Tebbit expressed concern that we might inadvertently catch the proposed Securities and Investments Board and Marketing of Investments Board and proposed limiting the

PCA's jurisdiction to non-departmental public bodies set up by statute. That would give rise to other problems. It would exclude bodies set up by Royal Charter, such as the Arts Council, British Council and Research Councils. In fact, however, I do not think that the criteria as currently set out would catch the prospective SIB and MIB. As I understand it, these bodies will be set up by the City and not by government. They would not, therefore, be classified as non-departmental public bodies and so would not meet the criteria.

There is a separate point about PCA's jurisdiction unrelated to extension to non-departmental public bodies which Norman might like to consider, however. Section 5(1) of the Parliamentary Commissioner Act 1967 empowers the PCA to investigate any action taken by or on behalf of a government department or other authority to which the Act applies, being action taken in the exercise of administrative functions of that department or authority. Norman may wish to take legal advice on whether functions that he delegates to the SIB and MIB would be caught by this existing provision of the 1967 Act even though the two bodies would not be caught by extension of PCA jurisdiction to non-departmental public bodies.

I am copying this letter and the final version of the Government response to the Prime Minister, members of H Committee, other Ministers in charge of departments, the Minister without Portfolio, the Paymaster General and Sir Robert Armstrong.

Yours.

C/Ey

GOWRIE

FOURTH REPORT FROM THE SELECT COMMITTEE ON THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

SESSION 1983-84

Observations by the Government

Introductory

1. This White Paper contains the Government's response to the observations and recommendations made in the Select Committee's Fourth Report for Session 1983-84 (HC 619).

Extension of PCA's Jurisdiction

2. A note on the existing jurisdiction and method of operation of the Parliamentary Commissioner for Administration (PCA) is at Appendix A. The Select Committee recommended that the jurisdiction of the PCA (or in some cases the Commissioners for Local Administration) should be extended to certain executive non-departmental public bodies (NDPBs) listed in the Appendix to their report. The Select Committee excluded from their list advisory bodies, where Ministers are responsible for the use they made of advice, and tribunals, which are subject to the scrutiny of the Council on Tribunals. They also excluded professional bodies, or those whose function is to disseminate knowledge in a particular field, and various promotion examination boards.

3. The Government has considered carefully the Select Committee's recommendation. The Select Committee has put forward no evidence of any significant maladministration by any of the bodies recommended for inclusion in the PCA's jurisdiction. Nevertheless the Government agrees that there is a case in principle for extending the PCA's jurisdiction to the actions of certain non-departmental public bodies. Potential for maladministration is not confined to Crown bodies and a number of non-departmental public bodies have functions whose impact on citizens is as significant as that of government departments. It is right that appropriate protection should be available in respect of the actions or inaction of such bodies. The Government agrees with the exclusions proposed by the Select Committee referred to in paragraph 2 above and considers that PCA jurisdiction should be extended to non-departmental public bodies which:

a. have executive or administrative functions which directly affect individual citizens or groups of citizens (including companies) and which would be within the PCA's jurisdiction if carried out by a government department; and

b. are subject to some degree of ultimate Ministerial accountability to Parliament, in that they are dependent for their financing and continued existence on Government policy (even if legislation would be needed to abolish them).

4. As the Select Committee has recognised, the functions of non-departmental public bodies vary significantly. Extension of PCA jurisdiction needs to take account of this diversity. The Government considers that it would be inappropriate to bring within the PCA's jurisdiction bodies whose direct impact on individuals is insignificant.

Charities

5. The Select Committee proposed to exclude non-departmental public bodies which are charities, on the grounds that these are subject to the authority of the Charity Commissioners. The Government has some sympathy with this view but considers that a hard and fast exclusion might give rise to anomalies, in that one body which had charitable status would be excluded while a very similar body which did not have such status would be included in PCA jurisdiction. Moreover, the Charity Commissioners' remit does not extend to Scotland. The Government has therefore concluded that charities should be considered for inclusion within PCA jurisdiction on the same basis as other NDPBs.

Levy Funded Bodies

6. The Select Committee discussed the position of levy funded non-departmental public bodies, and expressed the hope that when these were set up in future they would be brought within PCA jurisdiction. The Government considers that it would be inconsistent to distinguish between existing and future levy-funded bodies. It proposes, therefore, to bring within PCA jurisdiction both existing and new bodies funded by statutory levy when they satisfy the criteria in paragraph 3.

Nationalised Industries

7. The Select Committee left the nationalised industries out of their deliberations and made no recommendations save with respect to the Civil Aviation Authority. The Government considers that nationalised industries should be subject to commercial disciplines appropriate to trading organisations. They are in no

sense a part of the administrative apparatus of government. In a number of cases there are also consumer councils specifically to represent the interests of consumers. Accordingly the Government does not consider that nationalised industries should be brought within PCA jurisdiction.

NDPBs with Commercial Functions

8. The Select Committee noted that a number of non-departmental public bodies operate in a commercial or contractual manner, but suggested that complaints relating other than to the ultimate commercial decisions of such bodies might be subject to PCA examination. The Select Committee appears to have under-estimated the extent to which the procedures operated by such bodies as well as the decisions they reach are a response to commercial considerations. Several public bodies have been set up to operate at arm's length from government in order to enable them to operate in an entrepreneurial way. Their activities are more analagous to those of nationalised industries than to those of government departments. The Government considers that NDPBs whose functions are exclusively or predominantly commercial in character should not be brought within PCA jurisdiction.

Extension of Jurisdiction

9. The Government proposes to introduce legislation in due course to amend the Parliamentary Commissioner Act 1967 to allow the PCA to investigate actions which are not taken on behalf of the Crown, so as to allow the bodies listed in Appendix B to this White Paper to be added to Schedule 2 of the Act. Appendix B excludes certain bodies which were included in the Appendix to the Select Committee's report. The reasons for their exclusion are set out in Appendix C.

10. The Select Committee has proposed that all the functions of the Commission for the New Towns, New Town Development Corporations and Urban Development Corporations should be brought within the purview of the Commissioners for Local Administration (CLAs). The Government agrees that the functions of these bodies should come within the purview of an "Ombudsman".

11. It would not, however, be appropriate for the CLAs to have jurisdiction where the Secretary of State is actively and directly involved in the functions of these bodies. For this reason, the Government considers that the PCA should assume general jurisdiction over these bodies. There should, however, be exceptions to this principle in areas where the Secretary of State does not have an immediate locus and where the activities of the bodies are akin to those of local government. These areas are:

a. for New Town bodies, the housing functions which will ultimately become the responsibility of district councils;

b. for Urban Development Corporations, the development control functions which correspond closely to those of local authorities.

The Government recognises that the precise definition of the proposed split jurisdiction between the PCA and CLAs and its implications will require careful consideration. It intends to consult all the Commissioners before finalising arrangements.

Enforcement of PCA Judgements

11. The Government has noted and accepts the Select Committee's view in paragraph 16 of their report that there is no need for Ministerial powers to order bodies whose day to day actions are not subject to Ministerial control to comply with PCA judgements. The Select Committee recognised that dismissal of a body's Chairman as a means of securing compliance with PCA judgements would be a sledgehammer but suggested that financial sanctions might be applied. While the Government considers withholding of funds is not to be undertaken lightly, it believes that the authority of the PCA should prove sufficient to secure an appropriate remedy.

Referral and Handling of Complaints

12. The Government has noted and accepts the Select Committee's view in paragraph 18 of its report that the method of referral to the PCA of complaints against non-departmental public bodies should be the usual one, through a Member of Parliament. It considers that NDPBs themselves, rather than their sponsor departments, should respond to the PCA on any complaints against them, through their own principal officer.

THE ROLE OF THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION (PCA)

The Parliamentary Commissioner for Administration investigates complaints referred to him by Members of Parliament from members of the public who claim to have suffered injustice as a result of 'maladministration' by central government departments and certain other authorities. Separate "ombudsman" arrangements apply to the National Health Service and to local authorities.

What constitutes maladministration is not defined in the legislation governing PCA's activity (the Parliamentary Commissioner Act 1967). Before pursuing a complaint PCA will satisfy himself that it relates to a body and area of activity which is within his jurisdiction, that there is some evidence from which it may reasonably be inferred that there has been administrative fault, that there is an apparent link between the alleged maladministration and the personal injustice that the complainant claims to have suffered, and that there is some prospect of his intervention leading to a worthwhile remedy for the complainant or some benefit to the public at large. Examples of maladministration which may give rise to injustice are undue delay in dealing with a case, failure to follow prescribed procedures or a misapplication of rules.

With certain exceptions, PCA may investigate any action taken in the exercise of a department's administrative functions. He may not question the merits of discretionary decisions taken without maladministration. Nor may he conduct investigations into matters where legal remedies exist, unless in the circumstances of a particular case he considers it unreasonable to expect the complainant to resort to such remedies. The 1967 Act gives PCA ultimate discretion to initiate, continue or discontinue an investigation.

Certain areas of administrative activity, listed in Schedule 3 to the Parliamentary Commissioner Act 1967, are at present outside PCA's jurisdiction. Some of these relate to the conduct of foreign affairs. Other significant exclusions include:

a. civil and criminal proceedings;

b. "personnel" matters; and

c. matters relating to contractual or other commercial transactions (other than those concerning the compulsory acquisition of land or the disposal of land acquired compulsorily.)

The bodies subject to investigation by the PCA are listed in Schedule 2 to the Parliamentary Commissioner Act 1967. This at present extends only to central government departments and a few other authorities whose functions are exercised on behalf of the Crown. Most non-departmental public bodies are thus excluded from PCA's jurisdiction.

NON-DEPARTMENTAL PUBLIC BODIES
TO WHICH IT IS PROPOSED TO EXTEND PCA JURISDICTION

Ministry of Agriculture, Fisheries and Food

Agricultural Training Board
Agricultural Wages Committees (England)

Office of Arts and Libraries

Arts Council of Great Britain
British Film Institute
British Library
Crafts Council
Museums and Galleries Commission
Registrar of Public Lending Right

Department of Education and Science

Central Bureau for Educational Visits and Exchanges
Agricultural and Food Research Council
Economic and Social Research Council
Medical Research Council
Natural Environment Research Council
Science and Engineering Research Council

Department of Employment

Industrial Training Boards

Department of the Environment

Countryside Commission
Council for Small Industries in Rural Areas
Development Commission
Historic Buildings and Monuments Commission
Housing Corporation
New Town Development Corporations
Commission for the New Towns
London Docklands Development Corporation
Merseyside Development Corporation
National Heritage Memorial Fund
Nature Conservancy Council
Sports Council

Foreign and Commonwealth Office

British Council

Department of Health and Social Security

Central Council for Education and Training in Social Work
Medical Practices Committee

Home Office

Commission for Racial Equality
Equal Opportunities Commission

Scottish Office

Countryside Commission for Scotland
Crofters Commission
Edinburgh New Town Conservation Committee
Highlands and Islands Development Board
New Town Development Corporations
Red Deer Commission
Scottish Medical Practices Committee
Scottish Sports Council
Scottish Tourist Board

Department of Trade and Industry

Co-operative Development Agency
English Tourist Board

Department of Transport

The Trinity House of Deptford Strond (in its capacity as a General Lighthouse Authority)

The Commissioners of Northern Lighthouses

Welsh Office

Agricultural Wages Committees
Cwmbran Development Corporation
Development Board for Rural Wales
Sports Council for Wales
Wales Tourist Board

NON-DEPARTMENTAL PUBLIC BODIES LISTED BY THE SELECT COMMITTEE WHICH ARE EXCLUDED FROM APPENDIX B

Sea Fish Industry Authority

In awarding grants the Authority is acting on behalf of Ministers responsible for fisheries in the exercise of their administrative functions. In the Government's views these functions are, by virtue of section 5 of the Parliamentary Commissioner Act, already within the jurisdiction of the PCA. Specifically to extend PCA jurisdiction to the Authority itself is therefore unnecessary.

Community Industry

CI is a voluntary body with which the Department of Employment has a contractual arrangement to provide work experience for disadvantaged young people. CI's relationships with citizens are exclusively contractual or personnel ones and so outside PCA Jurisdiction.

Remploy

Remploy is a trading company with no executive or administrative functions other than contractual and personnel relationships.

Wages Councils
Agricultural Wages Board for England and Wales
Scottish Agricultural Wages Board

These bodies decide on minimum wages and other terms and conditions of employment. The bodies' decisions are in their nature discretionary. Such potential for maladministration as exists relates to the administrative and executive functions of the staff who support them. These staff are civil servants employed by the Department of Employment, MAFF and the Scottish Office and as such are already subject to PCA jurisdiction.

British Board of Agrement

The Board's relationship with manufacturers whose products it assesses at their request, with a view to award of an agrement certificate, is a contractual one and so outside PCA jurisdiction.

Attendance Allowance Board

The Board exercises the quasi-judicial function of deciding the medical conditions for receipt of attendance allowance. The Board has no administrative functions, these being exercised by DHSS staff and so already within PCA jurisdiction.

Occupational Pensions Board

The Board exercises a quasi-judicial function in determining whether occupational pension schemes may be certified as "contracted-out". In conducting formal hearings of appeals against these determinations it is subject to the oversight of the Council on Tribunals.

Criminal Injuries Compensation Board

The Board is a quasi-judicial tribunal and its administrative procedures form part of the judicial process of considering and determining applications for compensation. The Government has undertaken to put the scheme administered by the Board onto a statutory basis and proposals are being prepared. It is intended that the Board, when made statutory, will be under the supervision of the Council on Tribunals.

Scottish Special Housing Association

The Secretary of State for Scotland has already announced that the functions of the Association are to be brought within the purview of the Commissioner for Local Administration in Scotland, together with the housing functions of the Scottish New Town Development Corporations.

British Technology Group
Scottish Development Agency
Welsh Development Agency

The components of the BTG, the National Enterprise Board and the National Research and Development Corporation, operate exclusively commercially, exercising discretionary judgments. The Agencies perform a range of functions concerning economic development and environmental improvement; they pursue these functions by means of an integrated entrepreneurial approach, promoting and responding to commercial opportunities on the basis of discretionary judgments, operating wherever possible in partnership with the private sector. These bodies' procedures are responsive to commercial considerations and it would inhibit their effectiveness to subject them to standards of administrative procedure appropriate to government departments or other regulatory agencies.

Civil Aviation Authority

The CAA is a nationalised industry. Its air navigation and air traffic control services are trading activities run on nationalised industry lines and in relation to these activities the CAA should be treated on the same basis as other nationalised industries. In addition the CAA does have regulatory activities but these are subject to scrutiny by the Council on Tribunals.

Post Office Users Consumer Council
Post Office Users Councils of Scotland and Wales

The functions of these bodies are similar to those of other nationalised industry consumer councils excluded from the Select Committee's list. They have no executive or administrative functions which directly affect citizens.

Monopolies and Mergers Commission

The MMC's function is to advise Ministers on matters within its terms of reference. It has no executive or administrative functions. Its findings are published in full and open to judicial review.

MR SPEAKER'S STATEMENT IN CONFIDENCE

I have reflected on the Point of Order put to me after Prime Minister's Questions last Thursday.

The difficult task imposed on Mr Speaker is to balance the diverse and urgent claims of Members - Backbench and Frontbench and of nearly a dozen Parties.

In its wisdom, not for years, but for centuries, the House has advised its Speaker not to give reasons for the exercise of his discretion.

When Speakers have departed from this apparently cold discipline in answer to Points of Order (as I did on Thursday) they often find themselves on the spur of the moment stating what are not and cannot be rules, but must necessarily be instantaneous judgements.

It has been and is the fervent hope of successive Speakers that the sum total of their decisions will be accepted as fair and reasonable by the House which elected them to the Office of Speaker.

(Mr Speaker does not debate the exercise of his discretion)

25th June 1985

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WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 6106 (Llinell Union)

Oddi wrth Ysgrifennydd Gwladol Cymru

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

25th June 1985

RESPONSE TO THE FOURTH REPORT FROM THE SELECT COMMITTEE ON THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION (PCA)

Thank you for copying to me your letter of 23 May to Willie Whitelaw, to which you attached a draft response to the Select Committee Report on the PCA's recommendation for extension of the PCA's jurisdiction to non-departmental public bodies.

I agree with your view that there are no defensible grounds for resisting extension, and with the general way you propose to proceed, which appears to give us a firm grip over the basis for extension and its implementation. I feel I must, however, add the following observations in relation to two of the bodies for which I am responsible.

DEVELOPMENT BOARD FOR RURAL WALES

The position of the DBRW has similarities to that of New Town Development Corporations. It acts in place of a New Town Development Corporation in respect of Newtown, Powys. There is room therefore for a similar interaction between the PCA and the Commissioner for Local Administration (CLA) in their dealings with the DBRW to the split of jurisdiction which you envisage for New Town Development Corporations.

While plans have yet to be finalised, the expectation is that the housing stock at Newtown, Powys will transfer from the DBRW to the district council once development as a new town has reached the end of its course. By analogy, these functions would fall to the CLA.

In addition, the DBRW has a housing function outside Newtown, Powys. It constructs houses for key and incoming workers when the normal local provision is assessed to be insufficient to meet their needs. There are at

/present no arrangements ...

The Rt Hon Earl of Gowrie
Chancellor of the Duchy of Lancaster
Cabinet Office
Great George Street
London
SW1P 3AL

present no arrangements for the very small number of these houses to transfer to local authority ownership and it is probable that they will remain with the DBRW even after transfer arrangements have been made for Newtown houses. Despite this, for consistency of approach, it would seem appropriate for the CLA to cover this housing function as well.

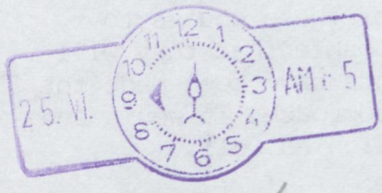
The other functions of the DBRW would then, subject to the normal constraints such as for cases involving commercial judgement, fall to the PCA.

WELSH DEVELOPMENT AGENCY

The omission of the WDA from the list of those bodies to which the PCA's jurisdiction is to be extended may appear anamalous. If the PCA could be relied upon to interpret the PCA Act in a way which left the majority of functions (ie the commercial ones) outside his jurisdiction, I would favour inclusion of the WDA among those bodies to which jurisdiction might be extended. However, it seems that we cannot be guaranteed that the PCA will draw such a narrow interpretation of his remit. I therefore agree to it not being included in the list for extension. This may draw criticism of the response, but the WDA's investment function in particular must be related strictly to commercial judgement.

Finally, it seems to me that once you have obtained agreement to the draft response, thought will have to be given to the detail of how complaints are to be handled. Clearly these matters will raise more general issues about the relationship between central government and the NDPBs and will need careful study.

I am sending copies of this letter to the Prime Minister, other members of the Committee and Ministers in charge of Departments, and to Sir Robert Armstrong.



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H/C Procedure: Parliament

PEZ

EC

10 DOWNING STREET

From the Private Secretary

MR HATFIELD
Cabinet Office

attached

The Prime Minister has now seen Sir Robert Armstrong's minute of 19 June with which he enclosed a note produced by officials following Cabinet discussion on conflict of interests in the House of Commons. Before she decides on how best to proceed, the Prime Minister would like to discuss the paper with the Lord President, the Lord Privy Seal, the Chief Whip and the Paymaster-General. A suitable occasion will arise next Monday (1 July). I am therefore arranging for the report to be circulated to them. A copy of this minute therefore goes to Miss MacNaughton (Lord President's Office), Mr. Morris (Lord Privy Seal's Office), Mr. Maclean (Chief Whip's Office), and Mr. Galloway (Paymaster-General's Office).

TIM FLESHER
24 June 1985

EC

PRIVY COUNCIL OFFICE
WHITEHALL. LONDON SW1A 2AT

20 June 1985

Dear Jerry

W 2116

RESPONSE TO THE FOURTH REPORT FROM THE SELECT COMMITTEE ON THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

Thank you for your letter of 23 May proposing to bring within PCA and CLA jurisdiction a number of non-departmental public bodies which do not have Crown status.

I see that Quintin Hailsham, Tom King and, subject to some redrafting, Patrick Jenkin are content, and understand that Michael Jopling, Keith Joseph, Norman Fowler and Nicholas Edwards are too. Peter Rees makes the point that resource implications will have to be absorbed within existing allocations. You will in addition need to take account of Leon Brittan's, Norman Tebbit's, Douglas Hurd's and Nicholas Ridley's objections to the inclusion of particular bodies - not least the Civil Aviation Authority and the Police Complaints Board and its northern Irish equivalent - and of George Younger's wish to notify the bodies concerned before any announcement is made. Subject to those provisos, you may take it that you have policy approval from H Committee for your proposed response to Select Committee's report. I am also content that you should say that the Government proposes to introduce legislation in due course; you will of course appreciate that this will have to be bid for in the normal way and no promise can be made about timing. We must accept the risk that Private Member legislation might be introduced meanwhile.

I am sending copies of this letter to the Prime Minister, the members of H Committee, other Ministers in charge of departments, the Minister without Portfolio, the Paymaster General and Sir Robert Armstrong.

Yours ever
Willie

The Rt Hon Lord Gowrie

cc M.A. 1

Prime Minister:

It might be useful to discuss this informally with the LPS, the Lord President, Chief Whip and Chairman before reaching a decision on how to proceed. Agree to circulate for the meeting on Monday week?

JF 21/6

Ref. A085/1684

PRIME MINISTER

Yes mt

Conflict of Interests in the House of Commons: Lobbyists

Attached

Following discussion at Cabinet of 7 March 1985 (CC(85)8th Conclusions, Minute 1) I was asked to provide material for fuller discussion by Ministers, covering the present position and possible courses of action to constrain 'lobbying' activities by MPs and thereby narrow the scope for conflicts of interest. I attach a note covering this ground.

2. You envisaged that fuller discussion should be by a small group of Ministers. Unless you want to chair this yourself, I suggest that the Lord Privy Seal should take the chair and that the other members of the Group might be:

Lord President of the Council
Home Secretary
Secretary of State for Trade and Industry
Chief Whip
Minister of State, Treasury

3. If you are content, I will make the necessary arrangements.

~~Agreed~~ Will discuss as above mt

RA

Approved by
ROBERT ARMSTRONG
and signed in his absence

19 June 1985

CONFLICT OF INTEREST IN THE HOUSE OF COMMONS: LOBBYISTS

Note by the Secretary of the Cabinet

1. At CC(85)8th meeting, concern was expressed about the increasing number of Members of Parliament who were being retained to represent specific interests there and the potential conflicts of interest to which this gave rise. I was accordingly instructed to prepare material on the present Parliamentary rules and conventions governing Members' conflicts of interest and on the possibilities for action as a basis for discussion by a group of Ministers. A summary of the present Parliamentary rules and conventions in this field, including those relating to the registration of Members' interests, is at Annex A. The remainder of this note considers the problems and possible courses of action.

The Problem

2. An increasing number of Members of Parliament are being paid, directly or indirectly, by companies, trade associations, and other outside bodies, to act as 'consultants'. In the present register of Members' interests some 120 Members list consultancies, an increase of about 50% over last year's figure. Some Members are direct employees of the bodies concerned; others are directors of public relations firms and professional 'Lobbying' organisations. All are likely to be expected to 'lobby', in various degrees and in varying ways within the Parliamentary system, in the interests of their employers or clients. The problem for consideration is how to reduce the risk that the growth of financial relationships of this kind may exercise an improper influence on Members in carrying out their Parliamentary duties, and conflict with their responsibilities to their constituents and the nation.

3. The problem is not new. It was considered by the Select Committee on Members' Interests (Declaration) which reported in 1969 and led to the adoption of a formal resolution on declaration of interest (see Annex, para 7) and eventually to the establishment of the Register of Members Interests in 1975 (see Annex, paras 3 to 6). The 1969 Committee proposed also that paid lobbying should

be expressly forbidden but this fell foul, inter alia, of what are serious difficulties of definition - drawing a line between what should be unacceptable and what should continue to be permitted.

Difficulties of Definition

4. The 1969 Select Committee drew a distinction between advocacy of a cause in Parliament for a fee or retainer and "advancement of an argument by a Member who through a continuing association with an industry, service or concern from which he may obtain some remuneration, is able to draw upon specialist knowledge of the subject under debate." The latter they regarded as acceptable, the former as not. Building on this they defined what was unacceptable as:

> "A Member bringing forward by speech or question, or advocating in this House or among his fellow Members any bill, motion, matter or cause for a fee, payment, retainer or reward, direct or indirect, which he has received, is receiving or expects to receive."

It should be noted that this definition would not cover a Member advising for reward an organisation, company, etc. on Parliamentary affairs or tactics provided he does not himself act as an advocate for them. It would also be unlikely to catch Members who, as company directors, members of professions or farmers, may nonetheless be in a position to "lobby" on behalf of particular interests, and in certain circumstances might be expected to do so. It could, on the other hand, be held to cover the activities of "union sponsored" Members and to rule out, for example, the paid representation by Members of the interests of such bodies as the Police Federation, which Ministers might not want action against paid "lobbyists" to cover.

5. If the definition used by the 1969 Select Committee is thought to go too wide, it would be possible to narrow it by for example:-

(a) excluding "indirect" payments; or

(b) providing for specific exemptions, such as trade union sponsorship.

(a) might be too easily exploited and (b) would be difficult, though perhaps not impossible, to justify. Further possibilities would be:

(c) exempting advocacy based on a continuing association with particular firms, industries, or bodies such as trade unions.

With such an exemption the definition would catch lobbyists who might be advocates for one interest one day, and for another interest the next day, thus dealing with the argument that the main difficulty arises when members cannot be sure who a lobbyist Member is speaking for. Members with a continuing (and by implication well-known) association with a particular body would not be covered. If may, however, be argued that "occasional" lobbying is no more reprehensible than "continuous" lobbying;

(d) limiting the definition to advocacy where payment is from or on behalf of a "commercial" body (including "commercial" consultancies). This would not catch non-profit making bodies such as trade associations, charities or trade unions. Again this would not be completely defensible but would rest on the assumption that a distinction can be made between those cases where there is a commercial interest at stake (whether of the consultancy itself or of its clients) and those where there is not. The definition would be designed to catch the most recent development of commercial lobbyist consultancies.

6. The acceptability of particular definitions is also likely to depend on what action is proposed. One reason why the 1969 Select Committee definition ran into trouble was undoubtedly because it was proposed effectively to prohibit paid advocacy as defined. With action short of prohibition, the precision of the definition might not matter so much.

Possible Course of Action

7. The main courses of action, in ascending degree of severity are:-

(a) Codification and restatement, preferably by Resolution, of the existing rules as they apply to Members acting as paid Parliamentary lobbyists. Such restatement might emphasise, for example, that registration of an interest does not absolve a Member from declaring his interest on specific occasions. Regular declarations might deter both Member and employer.

(b) Extension of the existing rules on declaration and registration. For example, some arrangement for declaring an interest when asking Parliamentary Questions might be envisaged. The rules for registration of lobbyist interest might be extended to cover declaration of amounts received, and clarified as regards the registration of clients. Improved arrangements for policing and enforcing the rules might also be considered.

(c) A bar on Members receiving payments as Parliamentary lobbyists could be implemented by a Resolution.

8. These possibilities are not, of course, mutually exclusive. For example, the most severe course of action (7(c)) could be restricted to a fairly narrow definition of lobbyist (eg. that at 5(d)) and combined with less severe action (such as 7(a)) for lobbyists more widely defined (eg. the definition in paragraph 4 without amendments). Other combinations would be possible.

9. Clearly the problem of finding an acceptable definition of lobbyist will be greater the more severe the action proposed. Moreover bearing in mind the questions raised by Mr Powell M.P. and others over the authority of the Resolution relating to the Register of Members Interests, whatever was done might prove extremely difficult to enforce.

HANDLING

10. If Ministers conclude that it is worth trying to secure some change in this area, they will wish to consider how best to carry matters forward. The issue is likely to be seen by Members as very much a "House matter". The alternatives, therefore, seem to be:

(i) to raise the matter through the usual channels, to see whether there might be action on the basis of all-party agreement. This seems unlikely, and might, in any case, be unacceptable to the House.

(ii) to put Government proposals to the Select Committee on Members' Interests.

The Committee has recently issued a report (First Report from the Select Committee on Members' Interests 1984-85) on parliamentary lobbying, but its recommendations are confined to proposals requiring the registration of details of the ex-House employment of various categories of non-Members (eg. lobby journalists and Members' research assistants) having privilege access to Parliament. The report does not propose any new restrictions on Members.

It does, however, appear to offer some potential scope for the clarification of the existing rules with regard to the registration of clients by Members engaged in paid 'lobbying'.

If Ministers, possibly in the light of reactions expressed by Members in a debate on this Report, concluded that these recommendations were inadequate, it would be open to the Government to propose that the matter be referred back to the Committee on a broader basis.

If a Government view were expressed in evidence to the Select Committee, there could be no assurance that it would necessarily prevail, or that an extended enquiry (and its recommendations) could be prevented from spilling over into the consideration of barring other outside interests. The drafting of the reference might lessen this risk, but could not entirely prevent it. It might also be difficult for Ministers subsequently to recommend more severe rules or sanctions than those which the Committee might recommend. Any reference to the Committee would presumably need to be preceded by informal consultations through the usual channels.

CONCLUSION

11. Ministers will wish to consider;

(i) what solution to seek to the problem of potential conflict of interest to which paid lobbying by Members of Parliament gives rise, taking into account -

(a) the difficulty of defining "paid lobbying" in an acceptable way (paras 4 and 5), and

(b) the courses of action available (paras 7 and 8).

They will also wish to consider, in the light of that,

(ii) how to carry matters forward, whether through the usual channels, by reference to the Select Committee on Members Interests, or otherwise.

Cabinet Office
19 June 1985

ANNEX A

Members of Parliament

Outside Interests and Conflicts of Interest

1. With certain exceptions (such as those provided for in the House of Commons Disqualification Act 1975) a Member of Parliament is free to take up outside paid employment. It is, however, incumbent on a Member of the House accepting any form of benefit from an outside source to ensure that in so doing he does not enter into any commitment which conflicts with his overriding constitutional duty to Parliament and to his constituents as a whole. If any outside body from whom a Member receives a financial benefit seeks to influence a Member improperly - by insisting, for example, that he votes in a particular way - they would be guilty of a serious breach of Parliamentary privilege, and could be charged with contempt of the House.

2. In exercising their judgement of what constitutes acceptable conduct in matters of this kind Members are assisted by formal rules of the House relating to -

(a) The Registration of Interests;

(b) The Declaration of Interests in debating; and

(c) Voting on matters in which they have a pecuniary interest.

The rules relating to these matters are summarised below.

A. THE REGISTER OF MINISTERS' INTERESTS

3. Since 1975, following a report by a Select Committee on Members' Interests (Declaration)(Session 1974-75), Members have been required, under the authority of Resolutions of the House, to register nine specific categories of interest. These are as follows:

(1) remunerated directorships of companies, public or private

(2) remunerated employments or offices - Ministerial office and membership of the European Parliament, Council of Europe, Western European Union and the North Atlantic Assembly do not need to be registered.

(3) remunerated trades, professions or vocations.

(4) the names of clients when the interests referred to above include personal services by the Member which arise out of or are related in any manner to his membership of the House.

(5) financial sponsorships, (a) as a parliamentary candidate where to the knowledge of the Member the sponsorship in any case exceeds 25 per cent of the candidate's election expenses, or (b) as a Member of Parliament, by any person or organisation, stating whether any such sponsorship includes any payment to the Member or any material benefit or advantage direct or indirect. This subsection includes gifts in relation to a Member's parliamentary duties, other than those received from abroad to which category 7 applies. It is, however, not necessary for a Member to register the fact that he is supported by his local constituency party.

(6) overseas visits relating to or arising out of membership of the House where the cost of any such visit has not been wholly borne by the Member or by public funds - overseas visits undertaken on behalf of the Inter

Parliamentary Union, the Commonwealth Parliamentary Association, the Council of Europe, the Western European Union and the North Atlantic Assembly, or by any institution of the European Economic Communities need not be registered.

(7) any payments or any material benefits or advantages received from or on behalf of foreign Governments, organisations or persons.

(8) land and property of substantial value or from which a substantial income is derived. A Member's home need not be declared, unless he also receives an income from it.

(9) the names of companies or other bodies in which the Member has, to his knowledge, either himself or with or on behalf of his spouse or infant children, a beneficial interest in shareholdings of a nominal value greater than one hundredth of the issued share capital.

The purpose of this public register is defined as being 'to provide information of any pecuniary interest or other material benefit which a Member of Parliament may receive which might be thought to affect his conduct as a Member of Parliament or influence his actions, speeches or vote in Parliament.'

4. A Member is only required to enter the source of his remuneration or benefit and not the amount received, although beneficial interests in shareholdings only have to be declared if they constitute a material value more than one hundredth of the issued share capital.

5. A Select Committee, under the chairmanship of Sir G Johnson-Smith, monitors the compilation and operation of the register. The Registrar is one of the Clerks of the House.

6. The receipt of payment as a 'lobbyist' is not separately identified as a registrable interest, although clearly within the

general scope of the register under one or other of these nine hearings.

B. DECLARATION OF INTERESTS IN DEBATE

7. It is a rule of the House, applying to almost all proceedings, that a Member speaking in debate must declare any relevant pecuniary interest or pecuniary benefit of whatever nature, whether direct or indirect, that he may have had, may have or may be expecting to have.

C. VOTING ON MATTERS AFFECTED BY PECUNIARY INTEREST

8. 'No Member who has a direct (personal) pecuniary interest in a question is allowed to vote on it', (Erskine May, 20th Edition, page 411). Whilst, Members have no doubt often voluntarily refrained from voting on these grounds, cases of a Member being formally debarred for this reason from voting on a public matter are extremely rare.

Cabinet Office
23 April 1985

NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

NSM

The Rt Hon The Earl of Gowrie PC
Chancellor of the Duchy of Lancaster
Cabinet Office
Management and Personnel Office
Great George Street
LONDON
SW1P 3AL

19th June 1985

Dear Lord Gowrie,

RESPONSE TO THE FOURTH REPORT FROM THE SELECT COMMITTEE ON THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

see P+6

Thank you for sending me a copy of your letter of 23 May to Willie Whitelaw.

The jurisdiction of the Northern Ireland Parliamentary Commissioner for Administration is already somewhat wider than that of the GB Commissioner and I will in due course be considering the implications for Northern Ireland of the decision to extend the PCA's jurisdiction in GB.

As far as the Police Complaints Board for Northern Ireland is concerned, I am content for it to be treated on the same basis as the Police Complaints Authority. If it were to come within the remit of the PCA I agree that as this is a reserved matter it would be more appropriate for the Westminster rather than the Northern Ireland PCA. But I note that in his letter of 11 June, Leon Brittan argues that the Police Complaints Authority should remain outside the scope of the PCA's jurisdiction. I agree with him, and would not want the PCA to "second-guess" the substantive judgement of the new Police Complaints Board in Northern Ireland.

I am copying this letter to the Prime Minister, the members of H, other Ministers in charge of Departments and Sir Robert Armstrong.

Yours Sincerely
N D Wand
Private Secretary

for DH
(Approved by the Secretary of State and signed in his absence in Belfast)

te

PARLIAMENT : H/C Procedure : Pt 7.

SECRETARY OF STATE FOR THE ENVIRONMENT

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

14 June 1985

Dear Lord Gowrie

RESPONSE TO THE FOURTH REPORT FROM THE SELECT COMMITTEE ON THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

Thank you for copying to me your letter of 23 May to Willie Whitelaw covering a draft Government response to the report of the Select Committee on the PCA about extending the PCA's jurisdiction to various non-Departmental Public Bodies.

I accept your view that on balance this extension is worth putting into effect. It must be our hope that it will not place undue burdens on the bodies concerned; their position will need to be kept under review. I note that your draft response does not mention any significant expansion of the PCA's staffing.

A number of NDPB's for which my Department is responsible are included in Appendix B to the draft response. I am content for these extensions to be made, and have no general comments on the terms of the response. I would however suggest a redrafting of paragraph 10 as in the Annex to this letter. No change of substance is involved in this text which I understand has been agreed at official level with the Scottish and Welsh Offices.

Copies of this letter go to Willie Whitelaw and the other recipients of your letter.

Yours sincerely

PATRICK JENKIN

Approved by the Secretary of State and signed in his absence

Lord Gowrie

PROPOSED REVISION OF PARAGRAPH 10 OF DRAFT GOVERNMENT RESPONSE

The Select Committee has proposed that all the functions of the Commission for the New Towns, New Town Development Corporations and Urban Development Corporations should be brought within the purview of the Commissions for Local Administration. The Government agrees that the functions of these bodies should come within the purview of an "ombudsman".

It would not, however, be appropriate for the local ombudsman to have jurisdiction where the Secretary of State is actively and directly involved in the functions of these particular bodies. For that reason, the Government considers that the PCA should assume general jurisdiction in respect of these bodies. There should, however, be exceptions to this principle in areas where the Secretary of State does not have an immediate locus and where the activities of the bodies are already akin to those discharged by local government. These areas are:

(a) for New Town bodies, the housing functions of which will ultimately become the responsibility of district councils;

(b) for Urban Development Corporations, the development control function which correspond closely to those discharged by local authorities.

The Government recognises that the precise definition of the proposed split jurisdiction between the PCA and CLAs and the resulting implications will require careful consideration. They intend to consult all the Commissioners before finalising arrangements.

H/C Procedure + Select Committees: Parliament

PG 7

MC/A62

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

NBPM.

The Lord Gowrie
Chancellor of the Duchy of Lancaster
Minister for the Arts
Cabinet Office
Whitehall
LONDON SW1

12 June 1985

Dear Grey,

AR 6

You wrote to the Lord President of the Council on 23 May setting out the Government's proposed response to the Select Committee's fourth report on the Parliamentary Commissioner for Administration (PCA). I am sorry not to have replied until now but we have been giving close consideration to the position of Industrial Training Boards in the light of your proposals.

I am pleased to see that the proposed response takes on board the reservations my officials expressed about the suggestion that PCA jurisdiction should be extended to cover the National Dock Labour Board, Remploy, Community Industry and the Wages Councils. I am quite sure that it is right to exclude these bodies from PCA jurisdiction and fully support the proposed response in that respect.

As you may know, we have also had some reservations about the extension of jurisdiction to Industrial Training Boards since they are self-financing and no public money is involved in their administration. They also have very adequate mechanisms for ensuring that grievances and complaints are properly dealt with. However, I recognise that their exclusion would be inconsistent with the overall criteria for extension of PCA jurisdiction which you have embodied in the proposed response. Given that the additional administrative burdens imposed by extension of jurisdiction are likely to be small in the case of the Boards, I am prepared to accept their proposed inclusion and can therefore agree to your overall proposals.

I am copying this letter to the Prime Minister, members of H, other Ministers in charge of departments, and Sir Robert Armstrong.

Ian

PARLIAMENT: H/C Procedure: R7

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

Secretary of State for Trade and Industry

12 June 1985

Earl of Gowrie PC
The Chancellor of the Duchy of
Lancaster
Management and Personnel Office
Great George Street
LONDON
SW1P 3AL

NBPM
N

Dear Greg,

RESPONSE TO THE FOURTH REPORT FROM THE SELECT COMMITTEE ON THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

Further to my letter of 4 June it occurs to us that the criteria which you have suggested run the risk of catching the Securities and Investments Board and the Marketing of Investments Board.

2 As you will recall we announced in our White Paper on Financial Services in the United Kingdom last January a new and constitutionally novel system of regulation which can most simply be described as "self-regulation within a statutory framework". If Parliament agrees the necessary legislation to be introduced next Session and, if I so decide, I will delegate my regulatory powers to a private sector body or bodies which the City will set up. Our White Paper explains the rationale behind this in detail but it is crucial that regulation be speedy and flexible with significant practitioner involvement. I consider that, to allow the PCA jurisdiction over SIB and MIB, runs too great a risk of the City withdrawing its support for these bodies. In those circumstances we would be left with the alternative of regulation by a statutory commission or by my Department, both of which we have considered and rejected in favour of self-regulation within a statutory framework.

3 In order to achieve the exclusion of SIB and MIB from the PCA's jurisdiction I suggest that you add to the criteria in paragraph 3 of your draft Observations by the Government the requirement that PCA jurisdiction should be extended to non-Departmental public bodies set up by statute.

JH1CKO

4 I am copying this letter to the Prime Minister, Members of H Committee, other Ministers in charge of Departments and Sir Robert Armstrong.

Yours ever,
Norman

NORMAN TEBBIT

JH1CKO

PARLIAMENT : HC Procedure : PET.

DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

The Lord Gowrie
Chancellor of the Duchy of Lancaster
Cabinet Office
Management and Personnel Office
Great George Street
LONDON SW1P 3AL

N 12/6

11 June 1985

Dear Gowrie

RESPONSE TO THE FOURTH REPORT FROM THE SELECT COMMITTEE ON THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

see Pt 6

Thank you for copying to me your letter of 23 May to Willie Whitelaw.

My Department's interest in this report largely turns on the response to be made in respect of the Civil Aviation Authority. I am quite sure that the Authority should not be brought within jurisdiction and that, if there is legislation on this question, we should strongly resist any attempt to bring this extension about.

I am otherwise generally content with the line to be taken and the terms of the response. I have a point to make however on the inclusion of "General Lighthouse Authorities" in Appendix B of the response. This term embraces the Commissioners of Irish Lights and there are obvious practical difficulties to extending the PCA's jurisdiction to that body; I would therefore propose that the following entry should be substituted:

"The Trinity House of Deptford Strond (in its capacity as a General Lighthouse Authority)

The Commissioners of Northern Lighthouses"

Finally, as regards the nature of legislation, if there were to be any question of these changes being made by a Private Member's Bill, we would need to keep a close and watchful eye on the position of the nationalised industries generally and the Civil Aviation Authority in particular.

Copies of this letter go to members of H, other Ministers in charge of Departments, the Prime Minister and Sir Robert Armstrong.

NICHOLAS RIDLEY

PARLIAMENT : HIC Procedure;
Pt 7.

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Lord Gowrie
Chancellor of the Duchy of Lancaster
Cabinet Office
Great George Street
LONDON
SW1P 3AL

NSM

11 June 1985

Dear Grey,

RESPONSE TO SELECT COMMITTEE ON PCA

see Pt 6

Thank you for copying to me your letter of 23 May to Willie Whitelaw.

I am content with the principle of extending the PCA's remit to NDPB's with executive or administrative functions.

I am generally content with the lines of your draft response to the Select Committee's Report. I think however it would be imprudent to set out broad criteria, as in paragraph 3, which might bind the Government unduly in future consideration of particular NDPBs. I suggest that paragraph should end with the words "paragraph 2 above" so that each NDPB would be judged on its merits.

Further the draft response deals incorrectly with the Scottish Special Housing Association. We have already announced that the Association should, with the housing functions of the new towns, be brought within the remit of the Scottish Commissioner for Local Administration. The SSHA should therefore be deleted from the list of bodies to which it is proposed to extend PCA jurisdiction (Appendix B to the response), and added to Appendix C. The terms of the reference in Appendix C might be:-

'Scottish Special Housing Association

The Secretary of State for Scotland has already announced that the functions of this body are to be brought within the purview of the Commissioner for Local Administration in Scotland, together with the housing functions of the Scottish New Town Development Corporations.'

I should also point out that the Criminal Injuries Compensation Board is a Great Britain body for which I share responsibility with the Home Secretary (and meet 20% of the cost).

Finally, I suggest that it would be courteous for us to advise these bodies of what we intend shortly before making an announcement; and I seek your agreement to doing this for those bodies within my responsibility.

I am copying to recipients of your letter.

Yours ever,

George

PARLIAMENT: H/C Procedure: Pt 7.

010

Bernard Ingham:

Any Objection?

Foreign and Commonwealth Office

London SW1A 2AH

7 June, 1985

7/6.

T. Flesher

OK. Bill at 3.30 pm. Linked with P Andrews

Miss Roche

done NR 10/6.

pse convey

Dear Tim,

Government Reply to Foreign Affairs Committee's Report on Famine in Africa (HC 56)

The reply to this report is now in preparation. Sir Geoffrey Howe proposes to publish in the form of a White Paper on or about Thursday 18 July with CFR copies issuing 24 hours earlier. This would be in advance of the last occasions on which the ODA (22 July) and FCO (24 July) are top for Questions before the summer recess.

I should therefore be grateful if you could confirm that there are no objections to this timetable.

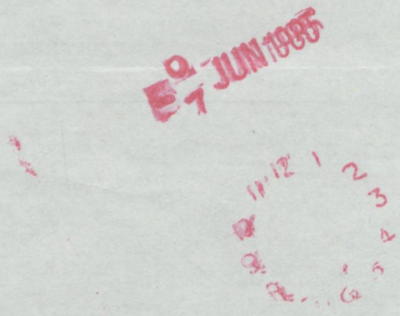
I am copying this letter to David Morris (LPS), Murdo Maclean (Chief Whip's Office), Alex Galloway (Paymaster General's Office) and Richard Hatfield (Cabinet Office).

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

Tim Flesher Esq
10 Downing Street


7 JUN 1995

30/114/DUCHY

CHIEF SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Earl of Gowrie
Chancellor of the Duchy
of Lancaster
70 Whitehall
London SW1A 2AS

6 June 1985

Dear Guy

RESPONSE TO THE FOURTH REPORT FROM THE SELECT COMMITTEE ON THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

Thank you for sending me a copy of your letter of 23 May to Willie Whitelaw. I have also seen Norman Tebbit's letter of 5 June.

I agree that we should support the recommendations of the Fourth Report in principle. The precise list of inclusions and exclusions is primarily a matter for colleagues responsible for the bodies concerned, and I have no comments at this stage. I am also content with your proposal not to have a firm exclusion on charities.

The resource implications of the proposals are obviously small (though I have seen no estimates for the PCA itself). I would expect them to be absorbed within existing allocations.

I am copying this letter to the Prime Minister, members of H, other Ministers in charge of departments, and Sir Robert Armstrong.

Yours ever

PETER REES

7 JUN 1985

HOUSE OF LORDS.
LONDON SW1A 0PW

6 June 1985

N 67

My dear Grey.

RESPONSE TO THE FOURTH REPORT FROM THE SELECT COMMITTEE ON THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

I have seen your letter of 23rd May and am content with the approach you recommend. I note that your proposals will not affect any of the bodies for which I am responsible.

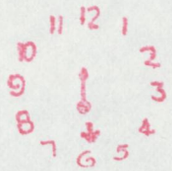
I am copying this letter to members of H Committee, other Ministers in charge of departments, the Prime Minister and Sir Robert Armstrong.

Yrs:

From: THE RT. HON. LORD HAILSHAM OF ST. MARYLEBONE, CH., FRS, DCL.

The Right Honourable the
Earl of Gowrie
Chancellor of the Duchy of Lancaster
Management & Personnel Office
Great George Street
London
SW1P 3AL

7 JUN 1985



DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
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Secretary of State for Trade and Industry

5 June 1985

Earl of Gowrie PC
Chancellor of the Duchy of Lancaster
Cabinet Office
Management and Personnel Office
Great George Street
LONDON
SW1P 3AL

6/6.

Dear Grey,

RESPONSE TO THE FOURTH REPORT FROM THE SELECT COMMITTEE ON THE PARLIAMENTARY COMMISSIONER FOR ADMINISTRATION

Thank you for copying to me your letter of 23 May to Willie Whitelaw. I agree with your view that we should make a positive response and that we should set out coherent and comprehensible criteria for determining which bodies are to come within the PCA's remit. The criteria which you suggest in paragraph 3 of the draft response are acceptable to me, as is the inclusion of the Co-operative Development Agency and the English Tourist Board in the list of bodies.

2 I am copying this letter to Members of H, other Ministers in charge of Departments, the Prime Minister and Sir Robert Armstrong.

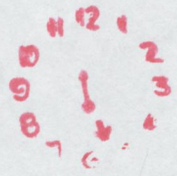
Yours ever,
Norman

NORMAN TEBBIT

JH2ATD

Parliament; Procedure. Pt.6.

6 JUN 1985



351/3

TOD HMT

Nicky Roche

5/6

This is OK

Treasury Chambers, Parliament Street, SW1P 3AG

01-233-4749

Tim Flesher Esq
10 Downing Street
LONDON
SW1

3 June 1985

Dear Tim.

TREASURY MINUTE REPLYING TO THE 9TH TO 11TH REPORTS OF THE PUBLIC ACCOUNTS COMMITTEE

The Treasury proposes publishing further replies to three outstanding reports of the Public Accounts Committee. The reports dealt with monitoring and control of nationalised industries (9th Report), introduction of statutory sick pay scheme (10th Report) and defence works in the Falkland Islands (11th Report). I enclose an appendix to this letter summarising the main points arising from the reports.

2. We wish to publish the replies to these three reports in time for a possible debate on the PAC which the Whips Office have advised us may take place around 20 June. The PAC has specifically requested us to try to reply to the 9th Report in time for the debate. The reply to the 10th Report is also ready and that on the 11th Report is far advanced.

3. We have concluded we should include them in a composite reply (the Treasury Minute) which would be published in the normal way as a Command Paper. The Financial Secretary has approved the Treasury Minute being presented in his name as is customary. He has agreed the texts for the replies to the PAC's 9th and 10th Reports, as have the departments to whom the PAC's comments were principally addressed. Although we plan to publish the reply to the 11th Report as well, we can only go ahead with it on the basis that text is similarly agreed.

4. Therefore, we suggest publication of the Treasury Minute on Wednesday 12 June (at 3.30pm). As usual, we should expect to provide pre-publication (ie CFR) copies prior to publication, including laying the Command Paper before both

Houses of Parliament. We intend laying the Command Paper at 3.30pm on Tuesday 11 June. Treasury Information Division would supply CFRs to the Lobby on the usual arrangements. Copies will also go to the departments concerned with the replies, to PAC members and to the National Audit Office on 11 June.

5. May we have your agreement to these arrangements? Although some of the subject-matter of the Treasury Minute might be expected to attract attention, we believe the particular replies to the Three PAC reports are not, in themselves, newsworthy. For the most part, the Treasury Minute is able to identify areas where there is common ground between the PAC and departments. Where we consider the Committee's suggestions and recommendations are not helpful or practical to the Government's aims the Treasury Minute provides suitable justification for not accepting the Committee's views.

6. I am sending copies of this letter Murdo Maclean and David Morris.

Yours ever

A J SALVESON

Appendix

9th Report: Monitoring and control of nationalised industries (Departments of Energy, Trade and Industry, Transport)

This was a follow-up report to the Committee's 7th Report, 1983-84 (to which the Government replied in March 1984, in Cmnd 9178). The Committee examined the departments' control of three different industries in its latest report - British Airways Board, the Electricity Supply Industry in England and Wales, Post Office. PAC concluded the control and monitoring principles which are laid down were being more fully and effectively operated in these three industries than in the industries covered by its previous report. The Committee suggested areas where further progress could be made and argued there were inconsistencies or problems of incompatibility in the existing controls over nationalised industries.

10th Report: Statutory sick pay (Department of Health and Social Security)

A fairly uncritical report noting that the introduction of the scheme was well prepared. The report endorses checking and monitoring of the scheme, eg as a deterrent to fraud and abuse, and suggests more co-operation between DHSS and Inland Revenue to establish more reliable records.

11th Report: Defence works in the Falkland Islands (Ministry of Defence, Property Services Agency)

Some muted criticisms of the planning for the airfield and Army facilities and of a number of the contractual procedures adopted for the airfield contract. The Committee will be keeping a close eye on the eventual costs of the airfield, eg to see how they compare with the estimates.

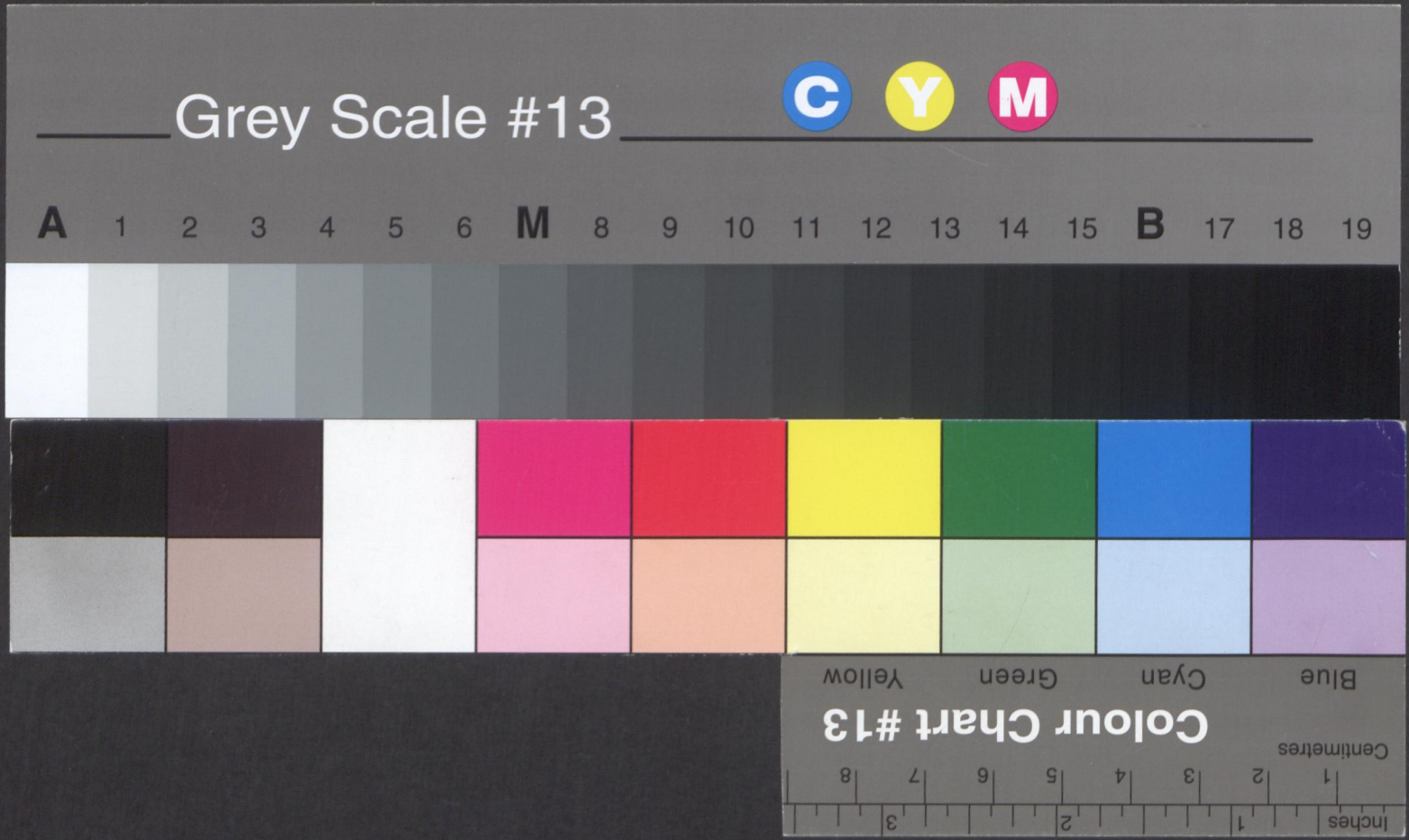
24 JUN

PART 6 ends:-

N10 to Nicky Roche 28.5.85

PART 7 begins:-

HMT to TF 3.6.85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