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Ref. A02708

PRIME MINISTER

Public Expenditure: Provision for Juvenile Offenders

BACKGROUND

In his minute to you of 22nd July the Home Secretary reports that the Home and Social Affairs Committee has approved proposals to give the courts powers to make orders placing juveniles in residential care or subjecting them to 'intermediate treatment'.

2. The Secretary of State for Social Services is unable to find offsetting savings for this purpose - the failure to approve the proposals for charging for road accidents has already placed him under serious pressure. H Committee therefore invite the Cabinet to agree tomorrow to additional bids of:-

(£ million)

	<u>1982-83</u>	<u>1983-84</u>	<u>After 3 or 4 years</u>
England	5	7	10
Wales	0.3	0.4	0.6

3. They wish this decision to be taken in advance of the main public expenditure discussions for 1982-83 and onwards so that a White Paper can be published before the Party Conference in the autumn. There is a commitment to these proposals in the Manifesto.

HANDLING

4. After the Home Secretary has explained the proposal the Chief Secretary, Treasury, will wish to comment on these additional bids. There are four possibilities for dealing with them:-

- (i) To defer a decision until the bilaterals are completed and the main decisions are taken - but nothing could then be said in the White Paper on juvenile offenders.
- (ii) To refuse the additional bid - but this would reverse a Manifesto commitment.

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- (iii) To agree, but to insist that the Ministers concerned, mainly the Secretary of State for Social Services, should specify offsetting savings now - in theory the right approach but probably impossible to deliver in practice.
- (iv) To concede the additional bids now - but recognising that in practice this will prove to be at the expense of other programmes, or the contingency reserve, since the public expenditure totals are now fixed.

CONCLUSIONS

5. In the light of the discussion you will wish to record a decision on which of the four options noted above is approved.

RA

(Robert Armstrong)

23rd July, 1980