

Prime Minister 2



You will want to discuss this with Treasury Ministers, (meeting fixed for next Thursday).
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7/11

Treasury Chambers, Parliament Street, SW1P 3AG

Yes.
Pir

T P Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

6 November 1979

Dear Tim,

THE PUBLIC EXPENDITURE WHITE PAPER COVERING THE YEARS
AFTER 1980-81

... I attach a note setting out proposals on the degree of detail to be given for the later years, in response to the Prime Minister's request conveyed in Martin Vile's letter of 5 November.

I should perhaps mention that, now that the main decisions on the 1979 public expenditure Survey have been taken, the Treasury has launched a review, with the spending Departments, of the way in which the Survey is conducted and the material is presented to Ministers. This will include the possibility of looking at programmes for the later years in less detail, and with more grouping, in future.

I am copying this letter to Tony Battishill and Martin Vile,

Yours sincerely
A C Pirie

A C PIRIE
(Private Secretary)

PRESENTATION OF PUBLIC EXPENDITURE FIGURES
FOR THE YEARS AFTER 1980-81

1. This note concerns the form in which the public expenditure decisions for the later years should be published. The Cabinet decided on 13th September that the White Paper covering the later years should contain totals for expenditure on the main programmes and an appropriate amount of detail for certain programmes such as education and law and order, but that the detail for other local authority services should be kept to a minimum. They considered that the tentative nature of the figures for the later years should be emphasised.

2. Discussions between the Treasury and Departments at official level have indicated that the spending Departments feel themselves faced with a dilemma. They accept that the tentative nature of the later figures should be stressed. They recognise the spuriousness of publishing plans up to four years ahead in great detail. But given the importance of influencing expectations, they want to give enough detail about the later years to convince outside observers that the Government's plans for stabilising expenditure are well-founded and will be achieved. They know that their Ministers will come under close questioning in Parliament and in the new departmental Select Committees. They will in any case be giving some details to spending authorities as the basis for forward planning.

3. Treasury officials have envisaged that the White Paper would give figures for the years up to and including 1980-81 in the usual detail, and that the figures for the later years would be given in a rounded form and in much less detail. For some programmes, where spending authorities will need to know their allocations for 1981-82 before next year's White Paper is published, there will be advantage in including detail for 1981-82 also, and rounding the figures for the last two years. An example of what is envisaged is the attached illustrative table for Programme 2 (on which we have not yet consulted the FCO). For other programmes, such as housing, the Ministers concerned will probably not want to give a detailed breakdown even for 1981-82. For yet others, such as the examples of education and law and order mentioned at Cabinet, it

may be desired to give more details for the later years. It is not essential to treat all programmes identically.

4. Apart from the reduction in detail about programmes in the later years, we have envisaged that the spread of information given by the White Paper would be much the same as in previous years. That is to say, the programme chapters would contain comment on spending in the last complete year, and on what has been achieved by the programme and is planned to be achieved, plus a bibliography of other sources of information. The rest of the White Paper would contain the normal analyses and statistical breakdowns, including changes from the previous plans, public expenditure in cost terms and by economic category: but the analysis in cost terms and by economic category will probably not extend beyond 1980-81, because some of the programme chapters will not provide the detail on which to base the analysis. For local authority expenditure, the agreement that the Secretary of State for the Environment should keep his options open on ways of achieving the agreed reductions in housing means that it will not be possible to include figures of this major component of local authority expenditure after 1980-81.

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would
be
advantages.

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5. It would theoretically be possible to have a still more summary presentation, but we do not recommend it. If, for example, the Government were to publish for the later years no more than what is in the short White Paper on 1980-81, i.e. figures for the volume of expenditure on the main programmes and a paragraph or two on each programme, this would (in the Parliamentary context) put the clock back to the very early years of these White Papers. The new Select Committees have been set up to achieve a more effective scrutiny of Departments than the previous Expenditure Committee. To tell them that the Government would provide a good deal less information even about the years up to 1980-81 than the previous Committee was given would provoke strong criticism in Parliament. Even the reduced detail we propose in paragraph 3 above may encounter some unfavourable comment of this kind. Where information is omitted, Select Committees and individual MPs can be expected to press Departments for the missing information.

Recommendation

6. Our recommendation is that the White Paper should contain the

same spread of information for the years up to 1980-81 as in previous White Papers. The amount of detail to be given for the later years should be considered programme by programme, but in general only summary and rounded figures of planned expenditure should be given at least for 1982-83 and 1983-84, and in some cases for 1981-82 also. Accordingly, most of the special analyses and statistical breakdowns of the expenditure plans would not extend beyond 1980-81. If this is agreed, the Treasury will discuss with each Department on this basis the information which they would want to give, and submit an outline draft of the White Paper later this month.

OVERSEAS AID AND OTHER OVERSEAS SERVICES

	'1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Overseas aid	628	699	671	718	786	790	782	738	700	700
Overseas aid administration	10	13	12	12	11	13	13	14	} - 380	} 380
Overseas representation	212	216	202	183	187	187	192	192		
Overseas information	70	72	72	68	68	70	70	69		
Other external relations	100	109	106	114	130	146	130	120		
Military aid	5	2	2	3	3	10	3	2		
Total	1025	1110	1064	1097	1186	1216	1192	1134	1080	1080
Contribution to the European Communities (net) and to the European Investment Bank	-13	16	281	632	774	919	1000	1100	1300	1550
Sterling area guarantees	140	-	-	-	-	-	-	-	-	-
Special assistance to the Crown Agents	162	-	-	107	-	-	-	-	-	-
Total	1314	1127	1345	1836	1960	2135	2191	2234	2380	2630

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Elon PJL

10 DOWNING STREET

From the Private Secretary

12 November 1979

I have shown the Prime Minister your letter of 6 November and its accompanying memorandum about the presentation of public expenditure figures for the years after 1980-81.

The Prime Minister is content with the general approach proposed in the memorandum, though she has commented that the fact that spending authorities need to know their allocations for 1981-82 is not in itself necessarily a sufficient reason for publishing those allocations in detail in the forthcoming White Paper: if that was the only consideration, it should not be conclusive against some degree of aggregation and rounding in the White Paper even if spending authorities were going to be given their own allocations in more detail.

Given that the Prime Minister is content with the general approach, she thinks that it may be premature to hold a meeting at this stage. It will be easier for her, and for Treasury Ministers, to take a view on the effects of applying this approach when the results of doing so are available, in the shape of the outline draft of the White Paper to be submitted later this month. She therefore suggests that work should proceed on the outline draft in accordance with the approach suggested in the memorandum (and subject to the point to which I have referred in the previous paragraph). She will consider whether it would be advantageous to have a meeting when that outline draft is available.

I am sending copies of this letter to Tony Battishill and Martin Vile.

L.P. LANKESTER

A.C. Pirie, Esq.,
H.M. Treasury.

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