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PRIME MINISTEREND YEAR FLEXIBILITY FOR PUBLIC EXPENDITURE PROGRAMMES

pt 19 - I understand that it is unlikely that we will be able to discuss at Cabinet on Thursday the memorandum by the Chief Secretary C(82)29 on end year flexibility. As you know I refrained from raising this detailed subject last week when we had our general economic discussion, but I do feel that we must now move ahead and take a decision to introduce end year flexibility.

2. The Chief Secretary has brought the arguments together in a constructive and helpful way in his memorandum. Limited end year flexibility of the scale proposed will contribute substantially to the major improvements in financial management in the Ministry of Defence. We are all committed to a more efficient and effective civil service, and we must give our financial managers the tools for the job.

3. As regards the substance, I believe that the Ministry of Defence's scheme for Voted flexibility has advantages over the alternatives. But if, as it seems, this does not command general agreement then I should certainly be prepared to support fully an administrative scheme for flexibility along the lines put forward by the Chief Secretary in his paper. If necessary I would be prepared to see this introduced in defence on an experimental basis.

4. I am sending copies of this minute to the Chancellor of the Exchequer, Chief Secretary and to Sir Robert Armstrong.

Ministry of Defence
20th July 1982

JV .



20 JUL 1962



COMPTON