

FROM:

THE RT. HON. LORD HAILSHAM OF ST. MARYLEBONE, C.H., F.R.S., D.C.L.

ec. N.O.



HOUSE OF LORDS,
SWIA 0PW

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S E C R E T

Prime Minister

Prime Minister

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*We will collect
all these responses together.*

MS 17/3

Long Term Public Expenditure

In your minute of 4th February you asked for a report on the possibilities within my area of responsibility for contributing to a substantial reduction in public expenditure in the long term.

As you know I have recently given some careful personal thought to the future programme of my Department, and my conclusions were fully set out in the minute on the 'Forward Look', sent to you as recently as 22nd December last. As you may expect, therefore, what I have to say now largely reflects those conclusions, together with some associated thoughts which figured in my earlier submission on the subject of privatisation and contracting out, submitted to the Chancellor of the Exchequer on 11th October.

By far the most radical improvement in the finances of my Department would be some reduction in the volume of crime, divorce, or even (to compare small things with great), civil litigation. But these are castles in Spain and, in this minute at least, I must seek to confine myself to reality. Within the central function of the Department in the administration of justice there is little scope for any radical change in the nature of our responsibilities which might lead to significant cost savings; though, naturally, the search for minor economies in jurisdiction, procedures and methods of execution must be continuous and unrelenting.

You are familiar with my ideas about possible changes in the jurisdiction of the courts. Under consideration are proposals

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for a possible merger between the High Court and the County Courts, and for the possible combination of the 'family' jurisdiction of those courts into a single 'Family Court'. These could, if they reach fruition, lead in time to some - though, without some reduction in demand, not dramatic - savings in resource costs.

Another area for economy is that of the various private money offices. I am hoping that the schemes under development for a single Estate Management Office will eventually provide a more rational system, with operating economies and staff savings. Similarly, it is to be hoped that the current Rayner scrutiny into the investment activities of the Associated Offices will increase efficiency and lead to economies.

The Treasury is taking a welcome lead ^{a review of} in / banking practices in Departments. If its recommendations lead to switching suitors' funds from the PMG to the clearing banks, this could promote a more efficient service in the county courts. But the actual savings in manpower would accrue to the PMG.

Last but not least, there is legal aid, civil, criminal, and "green form". This, of course, is demand-led and I have been concerned at the rate of growth in recent years. We are engaged in a systematic and determined effort to bring this under tighter control and I expect this to bear fruit over the next few years. I do not believe it is politically possible or socially desirable to contemplate restricting the scope or availability of the three schemes. At best, the measures I have in mind would be aimed at containing growth rather than reducing expenditure. Nevertheless there is much that can be done. I have already made a start with the Legal Aid Act 1982. I hope to bring these provisions into force during 1983. This will provide a firm base from which to consider further movement. The Act of 1982 was confined to criminal aid. But on the civil side, too, there are a number of areas to which I intend to pay attention. The rapid growth of the advice and assistance (the "Green Form") scheme marks this out as a candidate for review; we must also look closely at the arrangements for legal aid in matrimonial cases.

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I also intend to mount soon a thorough examination of the administration of the legal aid scheme, in association with The Law Society. All these exercises will, I hope, lead to greater efficiency.

These are my initial thoughts. We will, of course, be able to form a better idea of the nature and extent of possible savings in the above areas when we carry out the PES 1983 exercise.

I am sending a copy of this minute to the Chancellor of the Exchequer, the Chief Secretary to the Treasury, the Lord President, the Chancellor of the Duchy of Lancaster and Sir Robert Armstrong.

H: of S^r M

16th March, 1983

Een Pol. ~~ag~~ Politic Exp

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