

NOTE FOR THE FILE

cc: Mr. Butler (on arrival)
Mr. Gow ✓
Mr. Walters

Mr. Sparrow will be meeting the Prime Minister at 12 noon on 31 August in order to discuss his minute of 5 August about the CPRS's work programme, reference Qa06020.

As recorded in my letter to Gerry Spence on 10 August, the Prime Minister will no doubt wish to raise with Mr. Sparrow the suggestion made by Mr. Ralph Howell, M.P., that there should be an inquiry into the reasons for the ever increasing manpower levels in the public sector, an inquiry which could also make proposals for dealing with this problem. Mr. Howell made this suggestion when he called on the Prime Minister at 1130 on 5 August. The example he chose to illustrate his case was the NHS. He produced figures to show that staffing levels in the NHS were now double what they were in 1960. He pointed out that the number of beds had fallen in the same period, and that the staff per bed ratio was now 3.2, compared with 1.2 in 1960. He argued that there should be some form of public inquiry.

The Prime Minister told Mr. Howell that she shared his concern. She suggested that he should write to her setting out the facts and figures and calling for an inquiry, and that he should make this letter public. She promised that she would try to send him a positive and forthcoming reply, which would also be made public.

In my note to her of 5 August, I set out the arguments against a public study, which were largely that it could cause serious problems with the public sector unions, and could be particularly difficult in the case of the NHS pay dispute. Mr. Gow has agreed to put these arguments to Mr. Howell and to persuade him to write privately to the Prime Minister. Mr. Howell's letter is expected at

the end of August. As I have said, the Prime Minister will wish to give Mr. Howell a positive reply, and it would be helpful if the subject could be discussed with Mr. Sparrow on 21 August.

W. F. S. RICKETT

13 August 1982

CONFIDENTIAL

Qa 06020

Prime minister 1

5 August 1982

To: PRIME MINISTER

From: JOHN SPARROW

① Would you like us to set up a meeting with John Sparrow, as suggested at C below, to discuss this and Ralph Howells' suggestion? *Yes*

② meanwhile, are you generally content with what is suggested at A and B? *Yes No*

1. I see from Cabinet Minutes that you have asked each of your Ministers in charge of a department to prepare by Christmas a forward look at departmental programmes for the next 5 years (CC(82)40th conclusion, item 6).

Wm 9/8

A | 2. For our own purposes within the CPRS we have had in mind this Autumn to review how far the Government objectives and strategies have been fulfilled, possibly developing from that process some proposals for action. The exercise would cover such questions as:-

How far have the objectives and strategies been fulfilled?

Have they proved compatible with each other?

What have been the obstacles?

What remains to be done?

Do we need any new objectives/strategies, whether complementing or replacing the old ones?

This will only take a couple of days at most.

3. Our reasons for planning this exercise are largely domestic. Staff turnover here is rapid and the collective memory is short. It should be salutary for us to be reminded of what the Government thought it should do and what it has done over the last three years. In the process, the exercise should systematically identify important problem areas and thus help us to plan our future recommendations for a work programme.

B | 4. I mention all this because it seems to me to fit in very well with the work that you have commissioned from Ministers and I wonder therefore if you would like the CPRS to prepare, in due course, a synoptic view of all the individual forward looks submitted by departments. I think this could be an extremely useful exercise and totally in keeping with the CPRS's role as guardian of the strategy.

No - this is much more a political judgement

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Yes

C | 5. After your holiday, I would welcome an opportunity to have a further discussion with you of the immediate work programme. When we talked in June, you were happy that, as our present work load comes to completion, we should undertake a study of education and training. You also asked that we should look at the union factor in life in the UK, and that we would like to tackle: we are clearing our minds on the shape it might take in order to ask you for an appropriate remit.

6. I have also commissioned some preliminary work on the spectrum of topics covered by the single word "pensions". This work will range over a broad canvas, from the impact of present day pension schemes on individual attitudes and incentives, through the questions arising from the schemes themselves (such as their taxation status and the problems of early leavers), to the economic, financial and political influence and responsibilities of the great institutional funds. I hope that, after the holidays, I will be able to present you with an outline of this work for your approval.

7. We will, of course, be involved in follow-up work of some of our present studies, and we hope to play a full part in the family policy group. I have one or two other tentative ideas which could be the basis of CPRS studies between now and the middle of next year and it will be helpful to know if there are any subjects which you would particularly like us to pursue. But the chief purpose of this note is to deal with the forward look at the next five years; I believe that we have the resources to be involved very usefully in this exercise and I hope that you will agree that we should do so. In any event, it would be helpful to talk to you about it.

B.

I have talked to Ian, and he will see Ralph Howell when he returns. You wanted to look at the attached minute from John Sparrow.

See the point about Ralph Howell's letter - perhaps we could deal with this through Ian who he returns. I will look into CPRS minutes etc.

c. Mr Gow
Mr Walters

I attach a minute from John Sparrow about the future work programme of the CPRS. Are you happy with the proposals he makes at A, B and C?

I have also discussed with John Sparrow the possibility of the CPRS doing an enquiry of the sort suggested by Ralph Howell this morning. He would very much like to take on this task, but would prefer the terms of reference to cover the whole of the public sector, and not just the NHS. The study would analyse the reasons for the ever-growing size of the public sector, and would suggest possible ways of tackling the problem. It would cover not just the health service but local authorities, including the education service, and the nationalised industries.

John Sparrow also feels that it would be dangerous to make the existence of such a study public. It would provide ideal ammunition for the unions in the coming pay round, and any public document would almost certainly have to pull its punches. He would prefer a private exchange of letters with Ralph Howell, followed by a private and in depth study. Decisions on what material to make public could be made once the study had been completed. No doubt a lot of material in it could be used in the election manifesto.

The argument against a public study is particularly immediate in the case of the NHS. If we were to have a public exchange of letters with Ralph Howell at the end of August or the beginning of September, the headlines in the press would no doubt be "Government to halve the size of the NHS". The results of the RCN ballot are due at the end of August. Such headlines would be very provocative, and could be disastrous in the context of the NHS pay dispute.

You will no doubt wish to discuss this in more detail with John Sparrow at the meeting he has asked for on the CPRS' immediate work programme. But it seems to me that when we receive Ralph Howell's draft letter, Ian Gow will probably have to explain to him

WM
6/8

out

that we would prefer his letter and our reply to be private for
the reasons I have given, and mainly because that will ensure that
our follow-up is more effective.

Alan Lopez
Duly Clerk
in Whittell.

5 August 1982