

TOD HMT

Nick Roche



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This is OK

Treasury Chambers, Parliament Street, SW1P 3AG

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Tim Flesher Esq
10 Downing Street
LONDON
SW1

3 June 1985

Dear Tim,

TREASURY MINUTE REPLYING TO THE 9TH TO 11TH REPORTS OF THE PUBLIC ACCOUNTS COMMITTEE

The Treasury proposes publishing further replies to three outstanding reports of the Public Accounts Committee. The reports dealt with monitoring and control of nationalised industries (9th Report), introduction of statutory sick pay scheme (10th Report) and defence works in the Falkland Islands (11th Report). I enclose an appendix to this letter summarising the main points arising from the reports.

2. We wish to publish the replies to these three reports in time for a possible debate on the PAC which the Whips Office have advised us may take place around 20 June. The PAC has specifically requested us to try to reply to the 9th Report in time for the debate. The reply to the 10th Report is also ready and that on the 11th Report is far advanced.

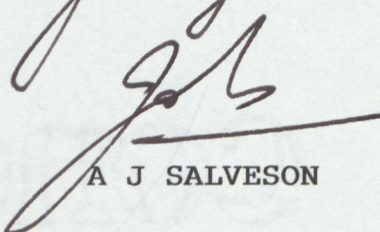
3. We have concluded we should include them in a composite reply (the Treasury Minute) which would be published in the normal way as a Command Paper. The Financial Secretary has approved the Treasury Minute being presented in his name as is customary. He has agreed the texts for the replies to the PAC's 9th and 10th Reports, as have the departments to whom the PAC's comments were principally addressed. Although we plan to publish the reply to the 11th Report as well, we can only go ahead with it on the basis that text is similarly agreed.

4. Therefore, we suggest publication of the Treasury Minute on Wednesday 12 June (at 3.30pm). As usual, we should expect to provide pre-publication (ie CFR) copies prior to publication, including laying the Command Paper before both

Houses of Parliament. We intend laying the Command Paper at 3.30pm on Tuesday 11 June. Treasury Information Division would supply CFRs to the Lobby on the usual arrangements. Copies will also go to the departments concerned with the replies, to PAC members and to the National Audit Office on 11 June.

5. May we have your agreement to these arrangements? Although some of the subject-matter of the Treasury Minute might be expected to attract attention, we believe the particular replies to the Three PAC reports are not, in themselves, newsworthy. For the most part, the Treasury Minute is able to identify areas where there is common ground between the PAC and departments. Where we consider the Committee's suggestions and recommendations are not helpful or practical to the Government's aims the Treasury Minute provides suitable justification for not accepting the Committee's views.

6. I am sending copies of this letter Murdo Maclean and David Morris.

Yours aye

A J SALVESON

9th Report: Monitoring and control of nationalised industries
(Departments of Energy, Trade and Industry, Transport)

This was a follow-up report to the Committee's 7th Report, 1983-84 (to which the Government replied in March 1984, in Cmnd 9178). The Committee examined the departments' control of three different industries in its latest report - British Airways Board, the Electricity Supply Industry in England and Wales, Post Office. PAC concluded the control and monitoring principles which are laid down were being more fully and effectively operated in these three industries than in the industries covered by its previous report. The Committee suggested areas where further progress could be made and argued there were inconsistencies or problems of incompatibility in the existing controls over nationalised industries.

10th Report: Statutory sick pay (Department of Health
and Social Security)

A fairly uncritical report noting that the introduction of the scheme was well prepared. The report endorses checking and monitoring of the scheme, eg as a deterrent to fraud and abuse, and suggests more co-operation between DHSS and Inland Revenue to establish more reliable records.

11th Report: Defence works in the Falkland Islands (Ministry
of Defence, Property Services Agency)

Some muted criticisms of the planning for the airfield and Army facilities and of a number of the contractual procedures adopted for the airfield contract. The Committee will be keeping a close eye on the eventual costs of the airfield, eg to see how they compare with the estimates.

24 JUN 1942