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PUBLIC EXPENDITURE - PRESENTATION

I promised you before Christmas a note on the PES exercise before Ministers consider the issue collectively.

Background

I have now been involved as Chief Press Secretary in six public expenditure reviews. The experience has marked me almost as much as my 5 years in the Department of Employment (1968-73) when we were trying to cope with a rampant trade union movement. The reasons are similar: procedure and presentational effect.

In the Department of Employment the system of conciliation was so revered and ordained that it guaranteed Government intervention and (often) blood on the Government's carpet by virtue of that direct conciliation. Whatever may now be said about ACAS, the Government is now distanced from the conciliation process.

The analogy with the PES exercise is not exact because PES deals with Government expenditure. But it has built into it levels of conciliation and (increasing) degrees of bloodletting on the Government, or No 10, carpet, which, to mix metaphors, is meat and drink to the media.

For this reason, I have dubbed it the November Handicap.

But it is worse than that from a presentational point of view. This is because the announcement of the outcome of the PES round brings together most, if not all, of the bad news about the working out of Government policy. The public expenditure statement contains little or no offsetting good news which has to await the Budget 4-5 months away.

This divorce of expenditure from revenue means that the opportunity for "packaging" Government decisions with good news for the taxpayer offsetting the bad is largely eliminated.

This is not, however, the end of it. The November public expenditure statement is not complete in itself, as, for example, the student grants problem has revealed and as prescription and dental charges will subsequently show.

In short, the whole thing is a presentational mess. It does not even have the merit of killing all bad news in one fell swoop, followed by a good news (Budget) day.

Instead:

- it maximises and extends the agony of public expenditure control
- largely eliminates the possibility of producing balanced packages of policy
- positively encourages competitive Ministerial/ Departmental briefing (eg the housing nonsense) which portrays the Government as being a house divided; and
- positively encourages pressure groups which are this year more active than ever on the VAT base, pensions etc.

It is hard to escape the feeling that we have got the worst of all worlds. The Government's standing in the public opinion polls is no excuse.

Reform

But what can we do about it? The argument is not surely whether there can be a better way of conducting affairs but

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whether practically there is a better way. Can we drastically shorten the Government shooting season? The answer to this will turn on advice about what is practically possible.

In working towards what is practical let us examine what, from a presentational point of view, is desirable.

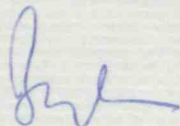
First, the world being what it is, I do not believe it is possible to stop or avoid competitive Departmental briefing on the PES exercise (short of a penalty points system for publicity!).

That being so, is it possible to telescope the whole exercise into the New Year on the basis that all Budget planning assumes no increase in Departmental allocations published in the Medium Term Financial Strategy?

The next question is whether it is better to bring expenditure and revenue together in the Budget or whether it is better to aim for a shorter Government shooting season, as I have described it - ie a much shorter period between the announcement of public expenditure conclusions and revenue conclusions.

In my view the present system is riddled with political liability for the Government. In an ideal world the Budget ought to be a bringing together, and a presentational packaging, of expenditure and revenue decisions. This should be accompanied by the briefest possible Departmental leak period - ie the period during which the hard decisions are taken about public expenditure.

Question: Can we return to an era where Budgets are a balancing of the books and of presentation, thereby eliminating the shooting season both for pressure groups and Government departments (whose only aim is the Government's two feet)?



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7 January 1985