

PRIME MINISTER

cc Lord President
Mr Ingham

Public Expenditure - Presentation

Bernard Ingham's note below bears on the post mortem on the public expenditure exercise, to be held on Tuesday 15 January.

It is desirable to bring together decisions about expenditure and taxes. In practice, you cannot do this by delaying public expenditure decisions until Budget Day. The local authorities, nationalised industries, Government Departments and bodies like the Arts Council must know their plans in the autumn so that they can plan for the coming year.

The alternative is to bring tax decisions forward and announce them in the autumn, ie to bring the whole Budget forward to November.

One objection to this will be that this is too early since the economic picture can change between November and April. But it would still be possible to make adjustments in April eg by not bringing in the Finance Bill until the normal time.

Another is that there will be a spending spree on goods on which tax is going up. But there is not much in these days. People already assume that the tax on whisky etc will be going up on the Budget; and when tax is extended to new items, eg chocolate biscuits, there has always been a period of advance notice while the legislation is going through.

There will be detailed problems to think through. But if you want to bring the announcement of expenditure and taxation

out together the only way is to bring the whole Budget (but not necessarily the Finance Bill) forward to November.

F.R.B.

10 January 1985