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PRIME MINISTER

PUBLIC EXPENDITURE SURVEY : REVIEW

In addition to the papers prepared by the Treasury, Bernard has sent you a note on presentation. This asks whether some way can be found of reducing the gap between the PES and the budget in order to reduce the period of misery for the Government between the announcement of tough public expenditure decisions and the delivery of the benefit in terms of tax cuts. Robin, from his experience as an Under-Secretary in the General Expenditure Division of the Treasury, points out some of the technical difficulties of bringing expenditure and taxation together.

While these are ~~valid~~ in our own circumstances, we should bear in mind that Britain is virtually the only country in the world which presents the expenditure and tax sides of the budget separately. In general, this is done by publishing the budget before the start of the year in question, typically three months in European countries but nine months in the United States.

Bernard's note has been sent to the Treasury and you might, under the discussion of procedure, like to raise the question of whether we should be working towards a change in the budgetary calendar.

Annex B to the Chief Secretary's minute gives a frank account of the difficulties being experienced in the control of public expenditure. This is largely the work of Michael Scholar. If you have time it would certainly repay reading.

On procedure, we seem to be witnessing the process of growing immunity, i.e. the Departments build up their

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<sup>defences</sup>  
~~differences~~ with successive surveys. It would be a pity to drop the Star Chamber as it has the effect of delivering a block of votes in Cabinet in support of its recommendations. One of the difficulties is that we have not established any risk for Ministers in fighting their case through to the end and there is, therefore, no incentive to settle early. We need to consider whether there is any way of reversing the trend of more programmes coming to the Star Chamber with more coming first to you and then to the Cabinet.

AT

11 January, 1985

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Paper

- A - Cabinet Office brief
- B - Addendum by RTA
- C - Chief Secretary's paper
- D - Paper by Officials
- E - Note by FERB
- F - Note by Bernard Ingham
- G - Minute from Lord President
- H - Note by Policy Units.