

PRIME MINISTER

HANDLING OF 1987 PUBLIC EXPENDITURE SURVEY

The Chief Secretary's minute below discusses the nuts and bolts of this year's Survey and Brian Unwin has provided some interesting general comments.

The Chief Secretary proposes:-

- no major changes in procedure, with Ministers still expected to endorse their bids personally, but abolition of the "red book" which summarises departmental bids;
- integration of running cost controls with the Survey;
- no separate target for Civil Service manpower to be set after April 1988.

This seems to me for the most part entirely sensible. I was slightly surprised that the Treasury wished to continue the practice of Ministers signing the letters to set out their bids. But Robin Butler believes the practice worth repeating, and I can see that it would now be difficult to revert to the earlier practice of bids being submitted at official level.

Brian Unwin's minute discusses more general points about the outcome of the 1986 Public Expenditure Survey. He makes the point that the huge increase in the planning total in that Survey will make it the more difficult to hold the line in the 1987 Survey. Indeed, as you know, the Treasury forecasters expect a £5b. increase in the planning total for 1988-89.

It seems to me likely that there will need to be some quite major changes in the public expenditure control system in the next few years. This may well not be the right year in which to start them, but you will in any case wish to discuss with

the Chancellor, the Lord President and the Chief Secretary the handling of this year's Survey when the Treasury have prepared their proposals.

The prospects for the Survey may also be a factor in the timing of the election (if a small one). An election in the spring would give Ministers time to settle into their Departments; an election in October would mean they were plunging immediately into negotiations. That might or might not be a good thing. It may also be a factor whether it would be better to announce a large increase in expenditure a few months after an election or a few weeks after it.

Immediately you might, as Brian Unwin suggests, endorse the Chief Secretary's proposals but note that wider questions of overall tactics on the Survey, and in particular on the basis of the Star Chamber's operations, will need to be given further consideration later in the year.

Content?

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- more or less!

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David Norgrove  
6 February 1987

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PRZ