

Card  
Room



Prime Minister

Pl type up  
letter below

This arose out of your  
meeting with Sir R. Tibbs.  
Content for me to write  
as in draft attached?  
(NB X is new, but  
worthwhile.)

Ref. A085/3078

MR WICKS

Policy Work and the FMI

Thank you for your minute of 12 November.

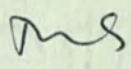
N.L.W.  
28.11.

2. Instructions have been issued to Departments by means of a revision to the handbook for Cabinet Documents Officers. The new edition, circulated in September, now includes an injunction that in the preparation of papers for Cabinet and Cabinet Committees, "all proposals with value for money implications should (unless it has been agreed with the Treasury that the circumstances are exceptional) state what is to be achieved, by when, at what cost, and how this achievement is to be measured".
3. In addition, I have written to Departments to remind them of these instructions and of the importance of ensuring that all policy papers provide a clear criterion by which performance in achieving a policy objective can be measured. The message has been reinforced by a short brief circulated to Departments by the Joint Management Unit.
4. Since the instructions were issued, we are not aware of any occasions on which Departments have failed to comply with the instructions, but I should add that none of the policy papers which have been submitted to the Cabinet Office since then would have required such a statement. Treasury divisions have been asked to ensure that papers sent to them for clearance include a note about policy evaluation consisting either of actual proposals of or a statement why, with the agreement of the Treasury, something different is being suggested. We shall keep a close eye on the papers we receive to ensure that they comply with this requirement.



5. Between them, I hope that these arrangements will cover the position at official level. It occurs to me, however, that it would be helpful if you were to write on the Prime Minister's behalf reinforcing the importance she attaches to policy evaluation and the provision of cost estimates - and also reminding them that the instructions given in the Handbook should be read as applying equally to papers put to informal collective Ministerial meetings. I attach a possible draft of such a minute.

6. I will report again on progress in applying these arrangements in 12 months time.

  
M C STARK

28 November 1985

SRWALS

DRAFT LETTER FROM N L WICKS TO MISS JOAN MacNAUGHTON

Value For Money.

Michael Stark's letter of 18 November to you reminded Departments that all policy proposals with value for money implications in Cabinet and Cabinet Committee papers should (unless it has been agreed with the Treasury that the circumstances are exceptional) state what is to be achieved, by when, at what cost and how it is to be measured.

The Prime Minister has asked me to emphasise the importance she attaches to these instructions. She also attaches importance to Departments complying with the other instructions in paragraph 1.4 of the Handbook for Cabinet Documents Officers, especially the requirement that Cabinet and Cabinet Committee papers should be discussed in advance with the Treasury and the results of those discussions, including the best possible estimate of costs, should be indicated in the paper. These requirements in the Handbook should be read as applying equally to papers put to informal collective Ministerial meetings.

Attached —

X

I am sending copies of this letter to the Private Secretaries to members of the Cabinet, the Minister of State, Privy Council Office and the Minister for Overseas Development, Sir Robert Armstrong and Sir Robin Ibbot.

GOVT MAIL  
RAYNER  
PT 19



## PART I

## General

1.1 Cabinet and Cabinet Committee business consists, in the main, of—

(i) Questions which significantly engage the collective responsibility of the Government, because they raise major issues of policy or because they are likely to occasion public comment or criticism.

(ii) Questions on which there is an unresolved argument between Departments.

Matters wholly within the responsibility of a single Minister and which do not engage collective responsibility as defined above need not be brought to the Cabinet or to a Cabinet Committee unless the Minister wishes to have the advice of colleagues. A precise definition of such matters cannot be given; in borderline cases a Minister is well advised to seek collective consideration. Questions involving more than one Department should be examined inter-departmentally, before submission to the Cabinet, so that the decisions required may be clearly defined.

1.2 The Cabinet is supported by Ministerial Committees which have a two-fold purpose. First, they relieve the pressure on the Cabinet itself by settling as much business as possible at a lower level; or failing that, by clarifying the issues and defining the points of disagreement. Second, they buttress the principle of collective responsibility by ensuring that, even though an important question may never reach the Cabinet itself, the decision will be fully considered and the final judgment will be sufficiently authoritative to ensure that the Government as a whole can be properly expected to accept responsibility for it. When there is a conflict between Departments, it should not be referred to the Cabinet until other means of resolving it have been exhausted, including personal correspondence or discussions between the Ministers concerned.

1.3 If the Ministerial Committee system is to function effectively, appeals to the Cabinet must clearly be infrequent and the Chairmen of Committees are required to exercise their discretion in advising the Prime Minister whether to allow them. The only automatic right of appeal is if Treasury Ministers are unwilling to accept expenditure as a charge on the contingency reserve: otherwise the Prime Minister will only entertain appeals to the Cabinet after consultation with the Chairman of the Committee concerned. Departmental Ministers should normally attend in person meetings of the Committees of which they are members or to which they are invited: unless they make it possible for their colleagues to discuss with them personally issues which they consider to be important, they cannot—except where their absence is due to factors outside their control—expect the Prime Minister to allow an appeal against an adverse decision taken in their absence.

1.4 Proposals involving expenditure or affecting general financial policy should be discussed with the Treasury before being submitted to the Cabinet or to a Ministerial Committee; and the results of those discussions together with the best possible estimate (or estimates, if the Department's figures cannot be reconciled with the Treasury's) of the cost to the Exchequer, should be indicated in the memorandum. All proposals with value for money implications should (unless it has been agreed with

the Treasury that the circumstances are exceptional) state what is to be achieved, by when, and at what cost, and how this achievement is to be measured. Where proposals affect United Kingdom obligations or interests as a member of the European Community, this should be clearly explained. If proposals have manpower implications or may give rise to problems of recruitment, these should be clearly stated after consultation with the Treasury and/or Cabinet Office (Management and Personnel Office) as appropriate. Attention should also be drawn to any accommodation problems, after consultation with the Property Services Agency. No memorandum should be circulated to the Cabinet unless any legal implications which it raises have been cleared, or at least clarified, with the Law Officers. The Cabinet Office will not normally accept a memorandum for circulation to the Cabinet or a Ministerial Committee unless these steps have been taken.

1.5 Within the Cabinet Committee system there are also official inter-departmental Committees. These Cabinet Official Committees are the most important official Committees; they normally report to a Ministerial Cabinet Committee and they are serviced by the Cabinet Secretariat. They have however no constitutional function and do not derive collective authority from the Cabinet itself. Their role is the assembly of material and the presentation of options for Ministerial decision. Memoranda submitted to such committees should take account of the requirements referred to in paragraph 1.4 above, and appropriate (though if necessary preparatory) references should be made to the implications for the Treasury, Cabinet Office, (Management and Personnel Office) the Property Services Agency, the Law Officers, and our obligations and interests as a member of the European Community.

1.6 All classified documents are protected by certain standard security procedures. The additional rules applying to Cabinet and Cabinet Committee papers are set out in Parts II and III of this handbook.