

Pinkerton



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster

6th February 1981

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PRIME MINISTER

This does not sound very hopeful; but we cannot make a big issue of it until this approach

Dr Jeffrey,

ms

THE COST OF PARLIAMENT

[attached]

You wrote to me on 29 January about the need to bring the administrative costs of the House of Commons under tighter financial control, and how far we can usefully exert any further pressure on the House of Commons Commission to subject their control of staffing expenditure to the same disciplines as those being applied elsewhere in the public service.

has been tried.

MS
9/2

In general, my view is that any attempt to revert to the type of formal Government control over the House administrative expenses that existed prior to the enactment of the House of Commons (Administration) Act, 1978 is bound to be met by a bristling assertion of the Commission's statutory independence in staffing and administrative matters conferred on the Commission by that Act. You yourself experienced this when you were invited to meet the Commission on 9 December last.

It is true that, in principle, Treasury Ministers could still refuse to move the relevant Motion for Supply in respect of the House of Commons (Administration) Vote, or the House could vote down the Estimate. But these would both be extreme courses which Ministers and the Commission will be anxious to avoid. In practice, therefore, it would seem that the most effective way of making progress in bringing about improvements in the structure of control over House staffing expenditure must inevitably depend on a recognition that decisions rest with the Commission, and not with the Government, and that we will only be able to influence these decisions indirectly and by persuasion. If we appear to be attempting to return to the statutory authority which Treasury Ministers possessed prior to 1978, this may antagonise and lessen the likelihood of the Commission considering on their merits proposals put forward for their consideration.

In practice, however, I am sure that the Commission and the House authorities are well aware of the need for

administrative economy at the present time. The position both before and after the meeting of 9 December has not been one of stalemate, and a number of initiatives are currently under consideration by the Commission with a view to strengthening their control over House staffing and expenditure. These include recommendations that every proposal for new expenditure should in future be considered by the Commission itself before authorisation, and that applications for expenditure should, before submission to the Commission, be considered by an informal committee of Members. Whether the proposals will be agreed is not yet clear.

It had been intended that these and other recommendations for strengthening accountability would have been considered at the Commission's meeting on 2 February, and this would have provided an opportunity to have sought clarification on several other matters which have been previously raised with the Commission and to which you refer, eg the way in which the House PESC Estimates are prepared, the basis of payment for HMSO supplies and services; and when the Civil Service Department is to be consulted about the present House staff grading review. The consideration of these recommendations was deferred to a later meeting.

My own view is that it is in this way, through the maintenance of pressure on particular points and by building on initiatives taken by the Commission, rather than by any general approach, that we are most likely to make progress. In particular, I doubt very much whether there is any likelihood of it being possible to apply any effective system of cash limits to the administrative expenditure of the House on lines similar to those adopted for Government Departments. Indeed the Commission has already rejected this approach. Additional staffing and administrative expenditure, such as that stemming from increased select committee activity, frequently arises directly from decisions taken on the floor of the House. I do not think it would be realistic to expect that the House would voluntarily accept any Government curb of this kind, and it could certainly not be enforced.

I will keep you informed of the outcome of the Commission's present initiatives to improve their structure of control over House expenditure.

I am sending a copy of this reply to the recipients of yours.

Answer
Francis

FRANCIS PYM

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer



Parliament

VMS

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Francis Pym Esq MP
 The Chancellor of the Duchy of Lancaster
 70 Whitehall
 London SW1A 2AS

19 February 1981

D. Francis,

COST OF PARLIAMENT

The Chancellor has asked me to reply to your letter of 6 February on this subject.

We do of course fully recognise the independence of the House of Commons Commission and there is no suggestion of making any change in the arrangements established under the 1978 Act.

Nevertheless, as the Cabinet has taken a strong interest in the question of economies and improved control of the direct and indirect costs of Parliament, I am anxious that we make what progress we can in securing the cooperation of the Commission on the several points set out in the first paragraph of the Chancellor's letter of 29 January. This is made all the more important by our inability to secure similar progress in the Lords without a move by the Commission, particularly in the areas of staff savings, cash limits and repayment for those services now on repayment in the civil service.

I therefore very much welcome your indication that the Commission are about to consider measures for strengthening their control over staffing expenditure and your suggestion that this will provide an opportunity to seek progress on the forward planning of expenditure in the PES context, repayment for common services, and the 1978 statutory obligation to keep staff parameters in line with the civil service.

I note what you say about cash limits, but their successful operation in government departments is not weakened by the likelihood of unexpected increases of expenditure arising during the year. When that happens, room has frequently to be made for

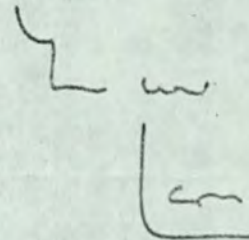
the new activity by sacrificing some lower priority or discarding something that has outlived its usefulness. Until now Parliament has simply imposed new expenditure demands on the Exchequer without offering any offsetting savings. In the increasingly stringent public expenditure climate, recent demands from Parliament have only been authorised in the expectation that, following the Cabinet initiative, savings in Parliamentary administrative expenditure will be found.

As a first step towards some system of cash limits, I hope it will be possible at least to persuade the Commission that before authorising new demands on the Exchequer, proposals will be fully costed and a positive search made for offsetting savings elsewhere.

I realise that the Commission may not wish to have its own expenditure too closely associated with the Government system of cash limits, but I am sure it would be feasible to devise a system appropriate to the Commission, using the approach I have suggested. My officials would be ready to help with advice on this matter, just as they would be on forward planning of expenditure and its integration in the PES.

Whilst I am very much aware of the difficulties of persuading the Commission to take these steps, I hope you will give thought to the best way of doing so. It would be encouraging if we could report some substantive progress to the Cabinet before the Recess.

I am sending a copy of this letter to the Prime Minister and the Lord President.

A handwritten signature in dark ink, appearing to read 'L. Brittan', with a stylized flourish at the end.

LEON BRITTAN