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CHIEF SECRETARYSELECT COMMITTEE ON PROCEDURE (FINANCE): LONG TERM PROJECTS

I was interested to read the draft paper circulated with your letter of 30th November outlining the proposals which Treasury intend to make to the Select Committee on Procedure (Finance) because the PAC have also been pressing for additional information to assist them to monitor long term defence projects and we have now reached a measure of agreement on what should be provided.

2. We sent to the Committee in July a Confidential Table listing between 20 and 30 major equipment projects. (There is already a separate report made to the PAC on works projects). This Table gave information on the original estimate, expenditure to date, and estimated cost to completion of the work currently authorised for all projects on which authorised expenditure (i.e. expenditure approved by Treasury) exceeded £200m. We have subsequently agreed to add details of the original and current estimates of completion date and to provide a footnote giving the kind of information which appears in the SDE about the potential total cost of a project, including expenditure not yet authorised. The PAC seem reasonably content to proceed on this basis.

3. It seems to me that there could be significant differences between this approach and what Treasury are now proposing. I have been at pains to maintain a clear distinction between monitoring performance on established projects and debating decisions which are yet to be taken. Hence, the information which PAC will get relates primarily to authorised projects and indeed approved tranches



of expenditure within those projects. The Treasury proposals, on the other hand, would reveal in advance when it is proposed to spend money for the first time on individual projects. Moreover, the information would be given and would be considered by Select Committees in the context of the Estimates. Inevitably the impression would be created that the Committees are being asked to authorise and endorse the inception of new projects as well as to monitor progress.

4. I realise that defence projects are specifically excluded from the Treasury scheme but I do not see how I would be able to refuse a request for similar information on a classified basis from the HCDC or to avoid the possible consequences of doing so.

5. In the background there is, of course, the St John Stevas Bill, which we discussed briefly at Cabinet before Christmas. I still have not seen a draft of the Bill but if it is to reflect accurately the First Special Report from the PAC 1980/81 it must deal with the monitoring of projects. Until we see what St John Stevas proposes, it might be undesirable to seek to buy off the Procedures Committee with proposals which I see as potentially dangerous.

6. I am copying this to the Prime Minister and other Cabinet colleagues.

*M.H.G. (Private Secretary)*

*[ Approved by Mr Holt and signed in his absence ]*

Ministry of Defence

30th December 1982

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Cost of Purchase: Purchase - Report to



Parliament  
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Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Michael Heseltine MP  
Secretary of State for Defence  
Ministry of Defence  
Whitehall  
London SW1A 2HB

10 January 1983

SELECT COMMITTEE ON PROCEDURE (FINANCE): LONG TERM PROJECTS

You will have seen John Nott's letter of 30 December commenting on the draft paper to the Select Committee on Procedure sent with my letter of 30 November to Willie Whitelaw which proposed extending the existing Works Services tables in the Supply Estimates and the letters from Cabinet colleagues supporting the proposal including your letter written when Secretary of State for the Environment. I accept the point in your letter that project information in Vote (I,4) would be published only if virtually all of the material could be provided. I hope that the technical point raised by David Howell and Nicholas Edwards about the price base to be used in the tables can be resolved at official level.

Unlike other colleagues John had some concerns even though defence expenditure would be excluded. Our proposal is not a radical one. We need to remember that for the most part these Works Services tables already exist. We are simply offering to extend them. By putting forward a proposal which is based on existing information together with some additional information we will be seen by the Committee as being helpful, a gesture that may satisfy their interest in this area. These Works Services tables in the past have attracted little attention, and the information to be given in the new tables is still fairly limited, so I believe that the Committees are unlikely to take a great interest in the information. On the other hand, if we do not show helpfulness to the Committee they may well come up with far more unacceptable proposals.

John mentioned a possible link with the St John Stevas Bill. I rather doubt this myself. As explained above I believe that our proposal is not a significantly new development and that neither it nor the Stevas Bill will affect the Parliamentary Committees' existing ability to follow long term projects if they wish to do so.

Our paper needs to be sent to the Committee in the near future, I am likely to be asked to appear before the Committee as early as the end of January. I hope that you feel that you can live with our

proposals. If it would be helpful I would be glad to meet you or some other of the defence ministers to resolve any remaining problems.

I am copying this letter to the Prime Minister and other Cabinet colleagues.

*Y  
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LEON BRITTAN

11 JAN 1963





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25 January 1983

SELECT COMMITTEE ON PROCEDURE (FINANCE) : LONG TERM PROJECTS

Thank you for your letter of 10 January.

As my predecessor said we would be very concerned if the Procedures Committee were to propose that long term projects should be subject to Parliamentary approval and if the Defence Committee were to argue that this should be extended to cover defence equipment programmes. But, I take your point that, as far as the Civil Departments are concerned, you would not be offering the Committee much more than is already given to Parliament. I am content to accept your judgement that what you propose will satisfy their interest rather than prompting further enquiry.

However, I would like the defence position more clearly stated. Perhaps the final sentence of the second paragraph of the draft note circulated with your letter of 30 November might read on the following lines:

"Defence projects would not be included: they may involve considerations of national security and are covered by other arrangements with the Public Accounts Committee."

The reference to Class 1 Vote 4, Defence Accommodation Services, in the Appendix should of course be deleted.

The Rt Hon Leon Brittan QC MP



I have now seen the draft St John Stevas Bill and agree that it does not cover the same ground.

I am copying this letter to the recipients of yours.

*for [unclear]*

A handwritten signature in dark ink, consisting of several stylized, overlapping loops and a long horizontal stroke at the end.

Michael Heseltine



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