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PRIME MINISTER

FINANCIAL REPORTING TO PARLIAMENT

Appx 38

I have seen the Chief Secretary's Minute to you of 29 March enclosing a draft Memorandum in reply to the recommendations of the PAC and the TCSC about the way in which information on public expenditure is reported to Parliament. I have seen also the subsequent exchange of letters between Private Secretaries.

I recognise the arguments for altering the documents presented to Parliament, as proposed, and am content with what is intended. The changes to the Sessional cycle of debates on public expenditure and Estimates which might follow this programme of alterations do, however, cause me some concern, as they do David Waddington with whom I have discussed the matter.

At present, the practice is for the Autumn Statement to be made sometime in the first half of November. The debate on this follows either in December or January, while the debate on the Public Expenditure White Paper comes in February or March. The pattern for taking the allotted three Estimates days, (one of which can be taken as two half days) is more variable - over the last four years the first part of the first day has twice been taken in December and twice in the March of the following year - but is particularly weighted towards taking two of the days in June and July.

A change to this arrangement which would do away with the public expenditure debate in February or March and probably replace it with another 'Estimates' day in May or June seems to us unattractive. If the Autumn Statement debate continued to occur before Christmas, it would be difficult to sustain the position whereby the House of Commons had no further occasion on which to debate public expenditure until after the Budget, when there are already many opportunities for financial matters to be raised. Furthermore, while the existing system of Estimates days works reasonably well, and I can understand the TCSC's wishing to see another day's debate of this kind, we do not believe that to the House generally the proposed debate in May/June would be an adequate substitute for the debate on public expenditure which we would be seeking to remove. But if it were once suggested, it would be sought in addition to the day's debate on public expenditure rather than as a substitute for it.

We believe, therefore, that there is a strong case for minimising the changes to the cycle of debates. Instead of extra time for debate in May/June arising from Select Committee scrutiny of one or more departmental reports, we might offer a two-day debate on the Autumn Statement in January/February. Among other advantages, this would give the TCSC slightly longer to prepare their report on the Autumn Statement, which would be relevant to the debate. We might also suggest, to assist the negotiations with the Opposition, that we would consider upgrading the significance of the Third Reading of the Finance Bill, by using it to provide a full day's debate on the economic situation just before the House rises for the Summer recess, for which there is normally some pressure. I attach a revised version of Paragraph 14 of the draft Memorandum in reply to the TCSC, which reflects this line of thought but makes it clear that this is a matter for further discussion.

Copies of this Minute go to other Members of the Cabinet, David Waddington, Richard Luce, Christopher Patten, Patrick Mayhew, Kenny Cameron and to Sir Robin Butler.

Alan Smith

PP

JW

15 April 1988

*(approved by the Lord President
and signed in his absence).*

RE-DRAFTED PARAGRAPH 14

14. Fourth, as the TCSC has pointed out, there are implications for the way in which the information presented is debated by Parliament. If the PEWP is divided as proposed, there would not be the basis for a separate debate that there now is, though the Government recognises that the House would not wish to lose a day's debate on public expenditure. While noting the TCSC's proposal that a debate might be held in May or June arising from Select Committee scrutiny of one or more departmental reports, the Government is not convinced that this would prove an acceptable alternative in all parts of the House, and would propose to consult further before taking a final view on the arrangements which should be made.

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(Treasury
amendment)

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