# CABINET

**CONCLUSIONS of a Meeting of the Cabinet**

held at 10 Downing Street on

FRIDAY 26 JULY 1974

at 10.00 am

PRESENT

<table>
<thead>
<tr>
<th>The Rt Hon Harold Wilson MP</th>
<th>Prime Minister</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Rt Hon Edward Short MP</td>
<td>Lord President of the Council (Items 1 and 2)</td>
</tr>
<tr>
<td>The Rt Hon Denis Healey MP</td>
<td>Chancellor of the Exchequer</td>
</tr>
<tr>
<td>The Rt Hon Michael Foot MP</td>
<td>Secretary of State for Employment</td>
</tr>
<tr>
<td>The Rt Hon Shirley Williams MP</td>
<td>Secretary of State for Prices and Consumer Protection</td>
</tr>
<tr>
<td>The Rt Hon Anthony Wedgwood Benn MP</td>
<td>Secretary of State for Industry</td>
</tr>
<tr>
<td>The Rt Hon Roy Mason MP</td>
<td>Secretary of State for Defence</td>
</tr>
<tr>
<td>The Rt Hon William Ross MP</td>
<td>Secretary of State for Scotland</td>
</tr>
<tr>
<td>The Rt Hon Roy Jenkins MP</td>
<td>Secretary of State for the Home Department (Items 1 and 2)</td>
</tr>
<tr>
<td>The Rt Hon Anthony Crosland MP</td>
<td>Secretary of State for the Environment (Items 1 and 2)</td>
</tr>
<tr>
<td>The Rt Hon Eric Varley MP</td>
<td>Secretary of State for Energy</td>
</tr>
<tr>
<td>The Rt Hon Barbara Castle MP</td>
<td>Secretary of State for Social Services</td>
</tr>
<tr>
<td>The Rt Hon Peter Shore MP</td>
<td>Secretary of State for Trade (Items 1 and 2)</td>
</tr>
<tr>
<td>The Rt Hon Reginald Prentice MP</td>
<td>Secretary of State for Education and Science</td>
</tr>
<tr>
<td>The Rt Hon John Morris QC MP</td>
<td>Secretary of State for Wales</td>
</tr>
</tbody>
</table>
The Rt Hon Merlyn Rees MP
Secretary of State for Northern Ireland

The Rt Hon Fred Peart MP
Minister of Agriculture, Fisheries and Food

The Rt Hon Harold Lever MP
Chancellor of the Duchy of Lancaster

The Rt Hon Lord Shepherd
Lord Privy Seal (Items 1 and 2)

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Robert Mellish MP
Parliamentary Secretary, Treasury

The Rt Hon David Ennals MP
Minister of State for Foreign and Commonwealth Affairs

Mr. Joel Barnett MP
Chief Secretary, Treasury (Items 2 - 4)

Mr. Robert Sheldon MP
Minister of State, Civil Service Department (Item 1)

SECRETARIAT

Sir John Hunt (Item 1)
Mr P Benner (Item 1)
Mr J A Hamilton (Items 2 - 4)
Mr J Anson (Item 2)
Mr H F Ellis-Rees (Item 4)
Mr R G S Johnston (Item 3)

CONTENTS

<table>
<thead>
<tr>
<th>Item</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>DISPERAL OF GOVERNMENT WORK FROM LONDON</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>ECONOMIC STRATEGY AND PUBLIC EXPENDITURE</td>
<td>5</td>
</tr>
<tr>
<td>3.</td>
<td>INTERNATIONAL PROPERTY DEVELOPMENT</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>(INDUSTRIAL) LIMITED</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>PROGRAMME ANALYSIS AND REVIEW</td>
<td>13</td>
</tr>
</tbody>
</table>
1. The Cabinet had before them a memorandum by the Lord President of the Council about the Dispersal of Government Work from London (C(74)76).

The Lord President of the Council recalled that the Labour Party, when in opposition, had criticised the recommendations in the Hardman Report as inadequate. It was therefore essential that the total number of posts dispersed should not be significantly less than the 31,000 recommended in the Report; but his own proposals envisaged a much more satisfactory distribution of the dispersed posts so as to give the maximum benefit to the assisted areas, and in particular to Scotland, the North East, the North West and South Wales. The Civil Service Department (CSD) were satisfied that the proposed programme, which would be spread over a period of about ten years, was perfectly feasible. Intense expectations and interest had been aroused in the regions and it was essential that they should not be disappointed. There had been consultations with departmental Staff Sides and with the National Staff Side, and a recent meeting which he had had with the latter had been cordial and constructive. In general, dispersal on the lines proposed was likely to be acceptable to the Civil Service trades unions; but it would be important to ensure that the proposals were presented as sympathetically as possible and that the transfer terms available to the affected staff were kept under review. The Government were committed to make a statement before the recess; and he proposed to make an announcement in the House of Commons on 30 July on the lines of the draft annexed to his memorandum.

In discussion, it was argued that it was essential that a substantial number of posts should be dispersed to the assisted areas, and in particular to Scotland, where the local authorities in the Glasgow area had the capacity and the willingness to accept a substantial measure of dispersal. Tactful handling of the Staff Side interests was essential; this was strongly borne out by the move of the Post Office Savings Bank to Glasgow ten years ago, which had initially caused considerable difficulty because of insensitive handling but had ultimately proved highly popular with the staff. In fact, considerable good will could probably be expected from the National Staff Side, having regard to the fact that more than half of the total number of Civil Servants were already working outside London. It would, however, be essential that the CSD should give Departments affected by dispersal every possible help for example with the installation of the most satisfactory and up-to-date communications systems where rapid transmission of information was essential.
In further discussion the following points were made:

a. 8,000 staff of the Ministry of Defence had already been dispersed from London. It had been agreed that a further 4,500 should be moved to Cardiff and one thousand to a number of locations outside London. It was necessary to secure the support of the Staff Side to the rationalisation of research and development establishments, which was already involving the dispersal of one thousand posts from London and would shortly affect a further 1,600 posts. Moreover, the Defence Review was likely to lead to the loss of 2,000 - 3,000 posts; in these circumstances the proposed dispersal of 6,000 posts to Glasgow would be unacceptable. It would involve serious operational difficulties; it would call for capital expenditure estimated at £31 million and additional annual costs of £15 - £20 million - a good deal of the latter was accounted for by the excessively high travelling costs which would become necessary following a move to Glasgow; and it would be totally opposed by the Staff Side, who would raise much less objection to a move to some other location, such as Teesside, Merseyside or Plymouth. As against this, it was argued that the proposal could be presented to the Staff Side in a more favourable light; that the staff to be moved to Glasgow should be chosen so as to cause the least administrative inconvenience and confer the maximum cost benefit; and that the moves could if necessary be spread over a considerable period.

b. It would be helpful if the Agricultural Research Council could move to Swindon rather than Merseyside. This would lead to the grouping together of a number of research councils and would thereby help career prospects. Moreover, most of the farms and experimental institutes being supervised by the Council were in the south of England.

c. The 985 Foreign and Commonwealth Office (FCO) staff proposed for dispersal were in small groups, most of which were in fact unsuitable for dispersal - sometimes because they were engaged on duties specifically related to London. There were substantial objections to moving the staff of the London Passport Office to Merseyside, since this would reduce the service available in London to a lower level than was available in any other capital city. It would in any
event be necessary to continue to provide a counter service. There would be the greatest difficulty in finding more than about 300 posts suitable for removal from London.

d. There were weighty objections to moving the Immigration and Nationality Department of the Home Office from Croydon, where it had moved only two years ago. The Office at present handled about 200,000 personal inquiries a year. Most of them came from people living in or near London, many of whom had an imperfect command of English so that inquiries by letter or telephone would not be satisfactory. Half of these inquiries required reference to personal files and no communications system could provide for this. Moreover, it was important that there should be close contact between the Immigration and Nationality Department and immigration officers, most of whom were stationed at Heathrow, Gatwick and south coast ports, and who frequently had to deal with cases of the greatest urgency. It would not be practicable to move the main division to Merseyside and retain a counter service in Croydon; and the proposed dispersal could be achieved only at the cost of a very serious decline in the standard of service offered to the public in what was a particularly sensitive area. If posts from the Home Office were to be dispersed from London they should be found in some less sensitive part of the Department.

e. It would be undesirable to come to a decision about the location of the Manpower Services Commission until the completion of the study of this matter which the Commission itself was carrying out. It would however be acceptable for any statement to indicate that the Commission would be located outside London.

THE PRIME MINISTER, summing up the discussion, said that several of the Ministers affected by the Lord President's proposals had expressed very strong opposition to them. The Cabinet appreciated the force of these objections but were satisfied that the total number of posts dispersed must be very close to the 31,000 recommended in the Hardman Report and that they must be distributed so as to provide the maximum help for the assisted areas. They therefore approved the detailed proposals in paragraph 4 of the Lord President's memorandum, subject to three modifications. First, they
accepted that it would not be practicable for the FCO to find as many as 985 posts for dispersal to Merseyside and agreed that a figure of 500 should be substituted. The details should be worked out between the Foreign and Commonwealth Secretary and the Lord President. Secondly, it would be undesirable to move the Immigration and Nationality Department of the Home Office from Croydon; instead, the Home Secretary, in consultation with the Lord President, should identify one thousand posts elsewhere in the Home Office which could be dispersed from London to Merseyside within the next ten years. Thirdly, while it could be indicated that the 750 staff of the Manpower Services Commission (or failing that an equivalent number from the Department of Employment) would be dispersed, the precise location could not be determined until the Commission's own review had been completed. The Lord President was authorised to make a statement in the House of Commons on 30 July announcing the Cabinet's decision; the text appended to his memorandum should be amended to take account of the agreed modifications, and some further verbal amendments would be desirable so as to make it presentationally more acceptable to the Staff Side - in particular, it should indicate the long period over which the moves from London would be taking place. The CSD should give Departments all possible help over consultations with Staff Sides, the presentation of the decisions to staff and the actual movement of staff when that stage was reached. They should also ensure that the most efficient communications systems were available to offices which were moved to the regions and that any research needed further to improve such systems was put in hand; and the Minister of State, CSD should let him have a report on these matters.

The Cabinet -

1. Took note, with approval, of the Prime Minister's summing up of their discussion.

2. Invited the Lord President of the Council to announce the Cabinet's decisions as indicated in the summing up.

3. Invited the Minister of State, CSD to submit a report to the Prime Minister on the lines indicated in the summing up.
2. The Cabinet considered a memorandum by the Chancellor of the Exchequer (C(74) 81) on public expenditure to 1978-79. They also had before them a memorandum by the Central Policy Review Staff (CPRS) (C(74) 79) on the economic framework for the discussion of public expenditure; and a note by the Chancellor of the Exchequer (C(74) 80), to which was attached the 1974 Report of the Public Expenditure Survey Committee (PESC).

THE PRIME MINISTER said that in April the Cabinet had agreed the procedure for the public expenditure review on the understanding that this implied no commitment to a particular balance between public and private expenditure, nor to decisions on particular programmes. They had also wanted to discuss the Government's economic strategy before taking decisions on expenditure. Discussion of the medium-term strategy had been delayed by consideration of the Chancellor's short-term economic measures; and it would clearly not be possible for the Cabinet to settle the individual public expenditure programmes before the Recess. The main purpose of this discussion was therefore to have a broad review of the strategy for public expenditure and to settle the overall ceiling over the next four years as against the resources for private consumption: and to leave over the details of the individual programmes until the autumn.

THE CHANCELLOR OF THE EXCHEQUER said that the basic assumption underlying his paper was that the economy would grow at about 3 per cent a year, equivalent to about £2,000 million a year at present prices. Part of this, which he had put at £400 million would need to be devoted to increasing the rate at which the balance of payments deficit was being reduced. This should enable the non-oil deficit to be eliminated by about the end of 1975, and the oil deficit by 1978-79. Even on this basis, we would by then be paying £1,500 million a year in interest charges on the accumulated deficit, and this would absorb about one-half of the revenue from North Sea oil. In order to maintain the assumed level of economic growth, and eventually to improve on it, it would be necessary to put about £500 million a year into additional investment, whether in the public or private sector. He had also assumed that £500 million a year would be absorbed by higher earnings. This would permit an increase of 1¾ per cent a year, which would accommodate special claims such as equal pay, improvements in low pay, and efficiency payments, but would not otherwise provide for a general increase in the real level of earnings, or allow for cases where the Trades Union Congress (TUC) guidelines were exceeded. It would imply an increase in real private consumption (including that financed by social security payments) similar to that experienced
when the Government were last in office. On these assumptions, £700 million a year would be left for increased public expenditure, equivalent to an annual increase of 2 1/2 per cent in demand terms. This was in fact equal to the rate of increase which had emerged from the planning exercise embodied in the PESC report. It should be sufficient to finance about half of the improvements embodied in the Labour Party’s election manifesto.

He agreed with the analysis in the CPRS memorandum, including the comment that some of his assumptions were optimistic. There was a particular problem regarding defence, where, despite the cuts in prospect, it would prove difficult to hold expenditure down to the present level, which implied very substantial reductions in the long-term costings. A higher growth in total public expenditure could only be obtained if real earnings rose more slowly than he had assumed. However, as the assumed level of 1 1/2 per cent a year was absorbed by special claims, this would imply an actual fall in the general real level of earnings, and he did not believe that workers on the shop floor would be prepared to accept such a situation over a four year period.

If a growth rate of 2 1/2 per cent for public expenditure was accepted, any increase in one programme must come either from reductions in other programmes or from the contingency reserve. The contingency reserve which had been included in the PESC report rose to £1,000 million by the end of the period. The claims on it, particularly from social security, already greatly exceeded this figure; and it would be unwise to commit it all at once. He proposed therefore that only half of the reserve should be committed at this stage, and the allocation of this would require further discussion. He asked the Cabinet to agree with the recommendations in paragraph 9 of C(74) 81, including the proposal that the rate of growth of public expenditure should be held to 2 1/2 per cent in demand terms. He would then discuss with his colleagues the implications for particular programmes. The Government necessarily had to act under great economic constraint, but he believed that both the Labour Party and the country at large recognised the present limited scope for increases in both private and public expenditure.

In discussion, it was argued that the Government’s whole economic policy was critically dependent on the social contract. If the TUC were to persuade their members to adhere to this, provision must be made for the special claims of equal pay, the low paid, and efficiency payments. Some parts of public expenditure were, however, also important for the social contract, while others were necessary to achieve greater industrial productivity. If expenditure had to be limited to the levels indicated by the Chancellor of the Exchequer, very serious
questions of priorities would arise between the different programmes. It seemed imperative, therefore, to find some way out of the constraints imposed by the conventional approach, which had been unsuccessfully adopted during the last Labour Administration. A more fruitful approach might be to concentrate on ways of getting greater increases of production. Experience during the 3-day week indicated that remarkable improvements could be obtained; and with more industrial democracy, and a social contract, even greater improvements should be attainable. On the other hand, the assumed growth rate of 3 per cent was already higher than the average achieved during the post-war period, and experience during that period had illustrated the imprudence of trying to spend the fruits of growth before they had been obtained. Improvements in productivity would, in any case, take time to mature, and in the meantime it was essential that planning should proceed on a realistic basis.

In further discussion, it was argued that there was a danger of inconsistency between the decisions taken on public expenditure, and the measures of demand management taken in the shorter term. In order to deal with the prospect of rising unemployment it might be preferable to increase expenditure programmes rather than taking measures like the recent reduction in VAT and the increase in the regional employment premium, which had a lower priority than other expenditure on industrial assistance. It was also undesirable to hold down the level of the major expenditure programmes, and then find it necessary to spend money on emergency programmes of winter works of lesser value to the community. The action taken to manage the economy in the short-term deserved as thorough collective consideration as the medium-term planning of public expenditure. On the other hand, it was argued that most public expenditure did not provide a satisfactory tool of short-term economic management because increases, once made, could not readily be reversed. Other measures therefore had to be used as short-term regulators. It might nevertheless be necessary to take some action during the coming months to help the construction industry which was facing a serious drop in activity.

In subsequent discussion, the following points were made:

a. More sophisticated analysis was needed of some of the expenditure figures, since different types of expenditure, eg expenditure on existing assets, transfer payments, etc. had different demand effects. More information was also needed about the effect of public expenditure on the distribution of income and wealth, and the incidence of the expenditure between different social categories. For example, subsidies to nationalised industries to enable them to hold down their prices probably had the effect of
subsidising the better-off, as well as increasing the need for capital investment. It should be possible to redeploy the expenditure on such subsidies towards social expenditure, and possibly food subsidies. The economic categories of expenditure could also be misleading. For example, Government assistance to private industry affected the public sector borrowing requirement, while the general category of investment included non-productive expenditure such as the construction of bingo-halls. Consideration should be given to measures for holding back such non-essential expenditure, although it would not be appropriate to introduce such measures at a time when the construction industry was in difficulties.

b. The Government would be open to criticism if public expenditure did not rise as fast as the gross national product. It might be worth considering whether this could be achieved by asking those with incomes above the average to accept a reduction in their real level of consumption. The amount of extra revenue which could be obtained from this source was, however, very small. For example, the confiscation of all incomes above £7,000 a year would bring in only about £110 million. Alternatively, if the threshold for the higher rates of tax were lowered to 1½ times the average income, this again would only bring in about £110 million. Under the Chancellor's proposals, public expenditure would already be rising nearly twice as fast as private consumption.

c. The programmes described in the PESC report would involve very substantial reductions, going even further than the cuts imposed by the previous Administration; and the difficulties would be further intensified by demographic changes. In education, no provision could be made in 1975-76 for nursery education or for the replacement of obsolete school buildings; and there would need to be cuts in the programmes for handicapped children, non-advance further education, and higher education, as well as increases in school meal charges. In health and social services, many important projects would be deferred for up to three years. The average life of the stock of hospital buildings, which would have been about 50 years under the programme envisaged by the previous Administration, would be pushed up towards 60 years. There would also be a backlog in maintenance expenditure of about £100 million. The housing programme was in serious trouble, and the cuts in transport expenditure had been taken to the point where there was a danger of collapse in the transport services. The cuts in water and sewerage would also be very damaging, and would impede the growth of housing.
d. On the other hand, the standards set for equipment and buildings in the education and hospital programmes seemed in some cases to be unduly lavish in the present and foreseeable economic circumstances. Unnecessary constraints were being imposed by increasingly expensive technologies. It was arguable that it would be better to cut down on standards in order to enable more projects to go forward. Similarly, many young couples might prefer to see a programme of cheaper housing rather than have to wait for years to obtain a house.

e. The pressure on local authority rates was becoming very serious, and attempts to restrain their expenditure by means of the rate support grant had been unsuccessful. A similar pressure on the rates could be expected in Scotland in 1975, when reorganisation took effect there. The Government's approach to local authorities on expenditure questions should be consistent: it was wrong for the Government to be sending out circulars encouraging improvements in a wide range of services at the same time as they were exhorting authorities to restrain their total expenditure.

f. Given the constraints on private consumption and public expenditure as a whole, the discussion of individual programmes must proceed on the basis that no expenditure should be regarded as sacrosanct, and any new proposals should be subject to particularly searching scrutiny. It was unrealistic to suppose that there could be any escape from these constraints by going over to a siege economy. A solution would have to be found within the framework of a mixed economy, with a suitable blend of greater industrial efficiency and social idealism.

g. If the Government were prepared to take the people into their confidence, there were reasonable grounds for believing that they would respond to a call to put first things first. It would, however, be necessary to get a greater measure of understanding that increased social expenditure formed a part of the total standard of living of the community. It would also be necessary to explain frankly the limitations on the real improvement in the standard of living during the coming years.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet had had a most valuable first discussion of the problem which faced them in a particularly difficult situation. A number of important points had been made. For example, attention had been drawn to the critical importance of the underlying growth in production, in which it had been suggested that spectacular
improvements might be obtainable. Public expenditure plans could not be based on such an assumption, which even if realisable would probably not afford much help in the earlier years. The Secretaries of State for Employment and Industry should however circulate a joint paper indicating concrete steps which they considered would help to promote more rapid growth. The CPRS should examine the scope both for savings and for wider provision through greater austerity in the standards of equipment and buildings financed from public sector programmes, including the possibility of low cost housing. The Chancellor of the Exchequer, in consultation with the CPRS, should also examine the other points made in discussion: in particular, there should be a study of ways of restricting less-essential construction expenditure in the private sector; and possibly of avoiding emergency 'winter-work' programmes which tended to distort priorities between projects. In the meantime the Cabinet approved, as a general guideline, the overall target for public expenditure proposed in paragraph 9a of C(74) 81. They also agreed that separate discussion would be needed of expenditure on the matters listed in paragraph 9b and d of that paper, and the Chancellor of the Exchequer should arrange this as necessary. As regards the other programmes, Ministers should reflect on the position in the light of the Cabinet's discussion and the Chancellor's paper, and should then have bilateral talks with the Chancellor of the Exchequer. In the light of these talks, the Chancellor of the Exchequer should circulate a further paper as early as possible in September, summarising departmental proposals for additional expenditure and suggesting where any necessary countervailing savings might be found. At that stage, Ministers might wish to circulate papers of their own to Cabinet, but they should not do so until after the bilateral talks had been completed.

The Cabinet -

1. Took note, with approval, of the summing up of their discussion by the Prime Minister.

2. Approved as a general guideline the recommendation in paragraph 9a of C(74) 81.

3. Invited the Chancellor of the Exchequer, in the light of his further bilateral discussions with Ministers, to circulate a further memorandum to the Cabinet as proposed by the Prime Minister in his summing up.
4. Invited the Secretaries of State for Employment and Industry to circulate a joint paper containing specific proposals for increasing the underlying rate of economic growth.

5. Invited the Chancellor of the Exchequer and the Central Policy Review Staff to examine the other points made in discussion, as indicated by the Prime Minister in his summing up.
3. The Cabinet had before them a memorandum by the Lord President of the Council (C(74) 82) about Government assistance to maintain employment at the factory of the former International Property Development (Industrial) Ltd (IPD (Industrial)) at Kirkby.

THE SECRETARY OF STATE FOR INDUSTRY said that the Ministerial Committee on Public Enterprise had agreed on 11 June that IPD Industrial should be allowed to go into receivership, and that a feasibility study should be undertaken to see if a viable scheme could be found for the use of the factory. He had been authorised to tell the Receiver that the Government would be a potential buyer for the factory and should be given an opportunity to bid before it was sold to a third party; and to tell the unions, without commitment, that the Government were doing their utmost to find a way to enable employment to be provided for the work force. Consultants had been commissioned to prepare a feasibility study for the use of the factory; it was estimated that this would take about six months to complete.

The Receiver had said he could provide employment for 450 workers at the factory, to maintain the viable parts of IPD (Industrial)'s former activity, but the work force had refused to accept this and had sat in, insisting that jobs must be found for everyone.

He had proposed to the Ministerial Committee on Industrial Development (IDV) on 23 July that the Government should acquire the assets from the Receiver and engage the consultants to manage the enterprise to give employment to an additional 150 men for six months on a break even basis, while research for other ways of using the plant went on; and that the unutilised 500 workers should be maintained on full pay. The majority of the Committee, with the Chief Secretary, Treasury reserving the Chancellor of the Exchequer's position, had been prepared to agree to the acquisition of the assets to ensure employment for 600 men, although they had not agreed to the further proposal that the unutilised workers should be retained.

He had now heard however that the workers were prepared to share out the jobs available so that no more than 450 would be employed and on the payroll at any one time. On this basis they would co-operate with the Receiver who, for his part, would release holiday pay at present held in a blocked account. He therefore sought agreement to the Government acquiring the assets to provide employment in the way he had described.
THE PRIME MINISTER, summing up a brief discussion, said that the Secretary of State for Industry should tell the Receiver that the Government remained a potential buyer for the factory and might put in a bid; but he should not offer to acquire the assets at this stage. The proposal for sharing out the jobs the Receiver could offer appeared to get over the earlier difficulty of paying 500 men for whom there would be no work, but the Secretary of State should arrange for this to be urgently examined by his officials, in consultation with the Treasury and the Department of Employment. If necessary, he should bring the matter back to the Cabinet early in the following week.

The Cabinet –

Took note, with approval, of the Prime Minister's summing up of their discussion and invited the Secretary of State for Industry to be guided accordingly.

4. The Cabinet had before them a memorandum by the Chancellor of the Exchequer (C(74) 78) about programme analysis and review (PAR).

THE CHIEF SECRETARY, TREASURY, invited the Cabinet to endorse the proposal that PAR should continue on the basis of the procedure outlined in Annex 1 to C(74) 78. The memorandum explained that PAR was a selective programme of analytical studies taking particular aspects of policy in turn over time. The system had originally been intended to operate on an annual cycle, but this had proved too rigid; none the less the concept itself was valuable, and the arrangement for central review and collective consideration by Ministers helped to counter the inertia in expenditure programmes and ensure that the options for new programmes were properly exposed. The procedure now recommended would retain the interdepartmental machinery for formulating the programme collectively, through a committee of officials under the same Treasury chairmanship as the Public Expenditure Survey Committee; and the central Departments and the Central Policy Review Staff would continue to be involved both in this process and at key stages in each individual study; it would however discard the rigidity of a strict annual cycle. The memorandum also recommended that there should be no change in the previous practice whereby the list of subjects under study was not publicly revealed.

The Cabinet –

Approved C(74) 78.

Cabinet Office
28 July 1974