



Parliament

2

PRIME MINISTER

Not much progress,

Treasury Chambers, Parliament Street, SW1P 3AG but we will keep
01-233 3000

29 January 1981

you in touch

MS

The Rt. Hon. Francis Pym, MC., MP.,
Chancellor of the Duchy of Lancaster

29/1

THE COST OF PARLIAMENT

You will remember that last year Cabinet discussed the cost of Parliament and it was agreed we should try to seek the co-operation of the House authorities in an effort to secure economies and tighten financial and manpower control. It was arranged that our specific suggestions (cash limits; repayment for HMSO and computer supplies and services; an economy review; control of manpower and administrative costs; and forward planning of expenditure in line with Public Expenditure Survey procedures) should be put to the Commission.

I saw the Commission on 9 December (Norman St. John Stevas was present); but the result, as I reported to Cabinet on 11 December, was extremely disappointing. They were not in general receptive to advice and suggestions, and did not appear to attach sufficient importance to the effective control of the public expenditure for which they are responsible.

In the last month or two we have seen a series of demands for additional provision for Members and for the administrative support. Had the relevant Votes been subject to cash limits, these would already have been exceeded by about £1.7m. Some of the demands extend into later years adding around £3m at 1980 Survey prices to the existing provision. A lot of this is I know explained by the increased activity of both Houses, but it all points in the wrong direction as there have been no savings made, corresponding to those imposed on the civil service, to offset even part of it.

The attitude of the Commission is crucial. We are not likely to make separate progress with these matters in the Lords. The Civil Service Department has good reason to believe that useful savings could be made in the administrative costs to the Lords, but it is clear that the Lords authorities would be most unwilling to make such savings without comparable moves in the Commons. The CSD judgement is that reductions of similar kind are quite likely to be feasible in the Commons, where the money savings

/would be

CONFIDENTIAL



would be correspondingly higher. The total annual savings in both Houses might be more than £1.3m. They would be greater still if we could get a rationalised administrative support structure for both Houses, but I doubt whether that is a practical possibility for the foreseeable future.

We cannot let this drag on. There has been no follow up on the part of either side to the meeting of 9 December, and we seem to have reached a stalemate.

I would find it helpful now to have your views on all this, as the Government's representative on the Commission. Perhaps when you have had time to think it over, we might meet for a talk.

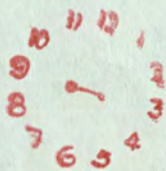
I am sending copies of this letter to the Prime Minister and the Lord President.

GEOFFREY HOWE

A handwritten signature in black ink, appearing to be "G. Howe", with a horizontal line underneath.

CONFIDENTIAL

29 JAN 1981





cc: Chief Secretary
Financial Secretary
Sir Anthony Rawlinson
Mr. C.D. Butler
Mr. Jackson
Mr. Lankester - No.10

Old NIS

MR. KEMP

1. J.P. to see

2. PA

2

PRIME MINISTER

Background to the

MS Cabinet discussion on Thursday

COST OF PARLIAMENT: MEETING WITH THE HOUSE OF COMMONS COMMISSION MS

12/12

The Chancellors of the Exchequer and of the Duchy of Lancaster met yesterday with the House of Commons Commission to discuss how the planning and control of expenditure by the House might be improved. No officials were present and no minutes of the meeting will emerge. This note is based on the Chancellor's report of the meeting and should be treated with great care. (No further copies should be taken without specific authorisation of this office.)

2. The idea of economy was accepted by the Commission in general - though not without some robust dissent. There was no formal acceptance of, or progress on, any of the further steps listed in the speaking note provided by Mr. Butler (a copy of which is attached). The Speaker, acting personally, indicated that he would be willing to consider advice from appropriate Treasury officials on quickly establishing published cash limits and bringing the planning of Commons expenditure into line with PES procedures. (I mentioned that the best way to proceed might be for me to procure an invitation for two or so suitable Treasury officials to appear before the Speaker. I will be in touch about this.)

3. No view was taken on the question of placing all services and computers on a full repayment basis. The Chancellor thinks that the Commission would probably need to be specifically invited to consider such a suggestion.

R.I.T.

(R.I. TOLKIEN)
10 December 1980

CHANCELLOR OF THE EXCHEQUER

cc Mr Kemp
Mr Jackson
SSCS

COST OF PARLIAMENT: MEETING WITH HOUSE OF COMMONS COMMISSION

You asked for a further speaking note showing the difference between what the Commission have already agreed to (as shown in C(80)42) and what further we propose. This I attach.

CDB

No officials were present.

C D BUTLER

9 December 1980

No notes / minutes will emerge: as

that, it is known, I think, that I am speaking now thus far. So

The idea of economy was
accepted in general - this not
without some robust dissent.

This needs v.
the circulation

(W.D. to C.D.L.)

- the papers
re No. 10?

No formal outline of a program
or any of our points (I can
outline the differences of C.D.L.)

But the speaker - acting personally -
was willing to make (but only,
I think, back and forth via mail,
it looked) some change from
of "the 20% budget boys" on \$ and \$.
How do you see, it worthwhile?

No view taken on \$\$. Most Commission
formally need to be sharply invited
to consider such a thing

CSD

Commission have agreed

We want further

Staffing and Administration

- Investigate ways to more direct control over staff increases.
- Appoint inspector of staffing.
- Select supervisory bodies for all departments, like those for Library and Refreshment.

- A full-scale review of control of all staff and administration costs - including existing staff - consulting CSD.
- Align staff complementing, grading and pay with Civil Service (as required by Act).

Cash Limits

- No Government-imposed limits; Commission to impose its own, when a full picture of financial expenditure available.

- Important to establish quickly ~~*~~ published limits and stick to them.

Seeking Government views

- No reference to Government on significant increases. Leader of House sufficient.

- Subject to Leader's views: not enough, must be formal consultation.
- Forward planning at technical level. Consultations with Treasury, so that we can bring H of C expenditure into line with Public Expenditure Survey procedures (we have suggestions: offer letter).

Repayment

- Study possibility of repayment for printing.

- Full repayment for all HMSO services (i.e. office supplies and machinery) and computers (from CCTA)

H of C: 75/4 £2.2m 79/80 £11.1m
 1981: 28% 5m + 500%
 TOTAL DIREN PARL: > £51m
 - PR. 1981, 1982, 1983 - £8 1/2m
 (+89%)

- Public concern
 - you're not both: but reasons + laws

~~Mk~~ Parliament.
for information.
Treasury are expecting
considerable press interest.

FOR ANSWER ON MONDAY 1 DECEMBER 1980 T.
ANSWERED ON FRIDAY 5 DECEMBER 1980 S.12.

TREASURY

La - Grimsby

No. 183 MR AUSTIN MITCHELL: To ask Mr Chancellor of the Exchequer, what is the budgetary cost per head of maintaining a member of the European Assembly; how this compares with the cost of maintaining a Member of the House of Commons; and if he will provide a breakdown to enable the difference to be accounted for.

MR NIGEL LAWSON

No precise comparison is possible between the budgetary costs of the European Parliament and those of the House of Commons. The following table shows the main categories of expenditure covered by the Budget of the European Parliament and the Votes for House of Commons expenditure.

M

2

~~PRIME MINISTER~~

You might like to see - £40m for the annual cost of the Commons (excluding £11-12m for the Lords)

MS 5/12

MW

	(1)	£ million	(2)
	European Parliament		House of Commons
MEMBERS OF THE INSTITUTION			
Salaries and pensions	-(3)		9.1
Travel and Subsistence	7.8		4.6
Secretarial expenses	8.9		2.9
Other	0.7		-
SUPPORTING STAFF			
Salaries, allowances, pensions, etc.	62.7 ⁽⁵⁾		7.4 ⁽⁵⁾
General expenses	4.1		2.0
ACCOMMODATION			
Rent	4.3		-(4)
Operating costs	3.3		3.8
Security	0.6		1.8
OTHER ADMINISTRATIVE COSTS			
Stationery, office equipment, etc.	6.1		3.3
Publications	3.6		3.8
Payments to Parliamentary bodies	3.8		0.6
OTHER EXPENDITURE	13.0 ⁽⁶⁾		-
TOTAL	118.9		39.3
Number of Members	410		635

NOTES

- (1) The figures for the European Parliament have been taken from the 1980 Community Budget and converted to sterling at the Budget rate of £1 = 1.49 EUA.
- (2) The figures for the House of Commons have been taken from the 1980-81 Estimates.
- (3) Salaries of Members of the European Parliament are paid by national governments and are not included in the Budget.
- (4) Rent is not payable in respect of the Palace of Westminster
- (5) The Budget of the European Parliament covers the cost of 2573 posts of which approximately one-fifth are employed in the language service. The House of Commons Administration Vote covers the costs of 772 staff.
- (6) Includes £10.4 million to reserves.

MR AUSTIN MITCHELL

BACKGROUND NOTE

The differences in coverage and detail between the Budget of the European Parliament and the Votes covering House of Commons expenditure do not permit an accurate comparison between the costs of the two institutions. The major differences are explained in the footnotes to the table. The large difference between the numbers of staff employed and the levels of pay and allowances, is the main reason for the difference in costs. Roughly one fifth of the European Parliament's staff are engaged on language work (translation, interpretation and secretarial). In addition the Parliament provides staff, paid for by the Budget, for the political groups.
