



PERSONAL AND CONFIDENTIAL

MR. BUTLER

The Prime Minister asked me to think about possible new tasks for the Central Policy Review Staff.

2. It seems to me that one of the things we do least well, and certainly least coherently and rationally, in the British Government is to work out priorities for policies and programmes between Departments (as opposed to within them). The Public Expenditure Survey exercise tends to be a series of bilateral discussions between each spending Department and the Treasury, with only a few disputed issues coming to Ministers collectively (in Cabinet or outside it); each spending Department is fighting its own corner for its own programme, rather than looking across other programmes as well, and the Treasury's primary concern is to keep the total of public expenditure down to a given level, not to take or act on views about choices between one programme and another.

3. There ought to be a central capacity to take a view on choices between one programme and another. We need such a capacity at Ministerial level. This would have inevitably to be primarily a Prime Ministerial responsibility; but the choices to be made would be highly political, and she would probably want or need to associate a small group of senior colleagues with her in making them.

4. To be equipped to make those choices coherently, Ministers would need to be supported by a small central staff to assemble the information and undertake the analyses on the basis of which choices would have to be made. This is where I believe that there would be a role for the CPRS.

5. I envisage that the work would be supervised by the Head of the CPRS; managed from day to day probably by the Deputy Head of the CPRS; and undertaken at desk level by a small team of two or three people at Principal level, one of whom might be an outsider on short-term contract to the CPRS.

6. One advantage of such an arrangement would be that it would bring back to the CPRS, and particularly the Head of the CPRS, a



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measure of involvement in central strategic issues. You will remember that the CPRS had such an involvement when it started, though it was at that time based mainly on the six-monthly strategy presentations to the Cabinet and to other Ministers, which sought to show Ministers how various economic and social indications were moving, in relation to what was implied in the Government's general strategy, and to stimulate thinking about the policy adjustments and course ^{rr?}connections that might be called for. Successive Governments have not looked to the CPRS for this kind of assistance; but the lack of involvement in central strategic issues has in some degree diminished the role and effectiveness of the CPRS since that time.

7. If the Prime Minister thought that a development on the lines I have sketched in this minute would make sense, I should want to take it away and work it up in detail, in consultation of course with Mr. Sparrow. I have it in mind that whoever succeeds Mr. Bailey as Deputy Head of the CPRS might have as his first task to prepare detailed proposals, which Mr. Sparrow and I could consider and then submit to you.

Robert Armstrong

17th November 1982