



Prime Minister (1)
Agree, subject to Cabinet
colleagues, to these
proposals?

- ① We agreed not to vote against 2nd reading
- ② We cannot offer drafting assistance.
- ③ We can do as you suggest in principle in order to get a framework for the C & A.

Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

PRIME MINISTER

MUS 24/12

I do not think that
would want to draft assistance.
If he gets the right framework, that gives him the means to
draft instructions to Counsel.

Following Cabinet on 16 December, I have again seen Norman St John Stevas and Joel Barnett about the former's Bill.

2. As you will have seen from the record of the meeting, I told them that the Bill's proposals on the scope of the audit were unacceptable; and that I could not offer drafting assistance. The problem now is where we go from there, not so much on the nationalised industries etc, where the difference between our position and theirs is hardly negotiable, but on the independence of the C&AG and related points, where it may well be possible to shift them to propositions we could accept.

3. Cabinet agreed that it would be desirable to try to persuade the promoters of the Bill to adopt the sort of formulation set out in my paper C(82)42 which is intended to secure the C&AG's complete independence. This is important because it is the only basis on which I think we can continue to be willing to open the Government's books and records to him. If he is to be subject to directions from the PAC (and, through them, any other Select Committee), his department would become, potentially at least, very like a Department of the Opposition, with full access to Government papers. We cannot allow the Barnett and PAC formulation, which would make the C&AG an Officer of the House, to go through. Yet Barnett, and members from the Opposition benches, is at present very much in the lead on this aspect.

CONFIDENTIAL



4. I believe we need to provide St John Stevas with some alternative advice which could lead him, on some issues at least, in the right direction. It would be in our interest to offer him a fairly detailed critique of the appointment and status parts of his Bill, with the object of persuading him not to publish it in the form recommended by the PAC. If we do not, and thus allow the Bill to be published in a form objectionable on this ground as well as that of the nationalised industries, it will be all the more difficult to change later.

5. But before I take this step I need your agreement that I may interpret the Cabinet minutes of 16 December accordingly. For in one sense what I suggest would amount to drafting assistance, which Cabinet did not favour. But it need not amount to professional help in the shape of Parliamentary Counsel's services, or at least not yet.

6. Of course we shall need to discuss again in Cabinet, but that cannot be until mid January, by which time it will be too late to influence the Bill before publication.

6. I am not, of course, anxious to help St John Stevas in a matter which is causing us such difficulty. But I do think that it will help us when the Bill is before the House if we can prevent its being introduced in a form which requires us to resist not only that part of it which concerns the nationalised industries etc, where our objectives are readily explicable and should be understood by many in the House, but also that part which on the face of it will be presented as "reasonable", ie that the House should take charge of the appointment of an official who reports to it.

...
7. The attached letter which St John Stevas has written me does seem to indicate a willingness to listen to us, as well as to Barnett and the PAC.

CONFIDENTIAL



8. I should be glad to know whether you agree, in the circumstances, that I should offer a proper critique by the Treasury of those parts of the Bill which concern the appointment and status of the C&AG and his staff. I should like it also to cover a number of technical points which are probably uncontroversial.

9. You will also wish to know that Edward du Cann has complained to me about our speaking to journalists against the Bill. I am telling him it is only right for us to make known the significant problems which could be produced by a Bill in the present form, but not of course committing us to oppose it on Second Reading.

10. I am copying this minute to all Members of the Cabinet, to the Chief Whip, and to Sir Robert Armstrong.

G.H

24 December 1982

CONFIDENTIAL



FILE

10 DOWNING STREET

From the Private Secretary

29 December, 1982.

The Prime Minister has now seen the Chancellor's minute of 24 December about the Parliamentary Control of Expenditure (Reform) Bill. On the handling of the Bill, the Prime Minister confirms the Chancellor's understanding of the Cabinet's decision not to oppose the Bill on second reading, and not to offer drafting assistance. She considers, however, that the Chancellor's proposal as set out in paragraph 4 of his minute would be consistent with the decisions of Cabinet. Subject, therefore, to the views of Cabinet colleagues, the Chancellor should as he proposes offer Mr. St. John-Stevas a detailed critique of the appointment and status parts of his Bill with the objective of obtaining at least a proper framework for that part of the Bill which would form the basis of draft instructions to Counsel.

I am sending copies of this letter to the Private Secretaries to the members of the Cabinet, Murdo Maclean (Chief Whip's Office), and Richard Hatfield (Cabinet Office).

Timothy Flesher

Miss Margaret O'Mara,
HM Treasury.

CONFIDENTIAL

RM