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SIR ROBIN BUTLER



FOLIO
46M

cc Professor Stewart
Mr Turnbull
Mr Burr
Mr Russell
Mr Potter
Mrs Bailey
Mr Fisher (or)
Mr Marston

DOMESTIC BUSINESS FOR A LABOUR ADMINISTRATION

1. I attach a revised version of the note for an incoming Labour Prime Minister on domestic business.
2. The Annexes are virtually unchanged. The draft covering minute has been recast to divide the topics for discussion between two Cabinets on 14 and 16 April.
3. The meeting on 14 would be dominated by two items on economic prospects and public expenditure. I have discussed this with Mr Monck and he is broadly content (he would of course like to close off as far as possible the opportunities for non-Treasury Ministers to raise public expenditure issues).

P F OWEN

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DRAFT OF 8 APRIL

PRIME MINISTER

FORTHCOMING DOMESTIC BUSINESS

1. The annexes to this brief set out the domestic business, most of which will require collective discussion, which is likely to be forthcoming in the fairly near future. They have been drawn up by reference to the Manifesto and to the Cabinet Office's own information on urgent issues. Manifesto items which we judge to be unlikely to require your consideration during the present calendar year have been omitted.

2. Annex A lists the items of domestic business; Annexes B and C provide more detail on the budget and pay policy. You also have separate full briefs on the legislative programme, arrangements for work on devolution, freedom of information, and parliamentary and electoral matters.

3. The annexes are intended solely as an initial checklist. The Secretaries of State in the departments concerned will take action to develop their proposals, and the Cabinet Office will ensure that the necessary memoranda are prepared and submitted to the relevant committees in good time. You may find it helpful, however, to have an initial stocktaking discussion with Cabinet colleagues on the most urgent items.

4. We are planning to hold two Cabinet meetings next week - on 14 and 16 April - and I suggest that we aim for discussions on the following items of domestic business, which cover most of the issues listed in Annex A as requiring discussion within the first month.

14 April

a. The financial markets, interest rates and the Exchange Rate Mechanism.

b. The budget and the national recovery programme. (This would cover the timetable for the budget and for pensions, benefit and national insurance changes, and provide an opportunity for the Chancellor of the Exchequer to set the scene for the public expenditure bilaterals. Other Ministers might wish to raise issues affecting nursery education and schools, health service funding, and the balance in the National Insurance Fund under this item).

c. Arrangements for work on devolution.

d. Changes in National Health Service management.

*16th of paper needed.
discussed with Mrs. Shifford.
9/4.*

16 April

e. The Queen's speech and the legislative programme.

f. Local government finance.

g. The "Earth Summit" on environment and development.

h. Refugees and asylum.

i. Freedom of information.

j. The Jopling report on sittings of the House.

k. The Houghton Report on state aid for political parties.

l. The European Community's framework programmes for expenditure on science.

m. The proposed inquiry on occupational pensions.

n. The Jubilee Line extension.

5. There will not be time to circulate papers in advance of the meeting on 14 April and all the items will need to be taken

orally . On 16 April you might take papers on The Queen's speech and local government finance (see following paragraph) and invite colleagues to give short oral state-of-play reports on the other matters.

6. Local government finance is shown in Annex A as requiring action "within the first week". It will be essential to move quickly if it is intended to change some chargepayers' liabilities in the current year. The links between immediate action and the move to fair rates are complex. If you agree we shall arrange for the Secretary of State for the Environment to set out his proposed strategy in the paper for discussion on 16 April.

7. Many of the items listed in Annex A will have a substantial cost. Unless there is an explicit and unequivocal commitment in the Manifesto, you will in general wish to preserve the Chief Secretary's room for manoeuvre by not accepting spending bids in advance of the Public Expenditure Survey.

8. Many of these pieces of business will need to be processed in Cabinet Committees and some are so substantial that they justify a committee to themselves. I am making separate proposals about setting up Cabinet Committees.

Sir Robin Butler

FORTHCOMING DOMESTIC BUSINESS

THE QUEEN'S SPEECH AND THE LEGISLATIVE PROGRAMME

1. The immediate need for the establishment of a Queen's Speeches and Future Legislation Committee, the drafting of the Queen's Speech and the settling of the legislative programme are covered in a separate submission.

THE ECONOMY AND PUBLIC EXPENDITURE

First month

2. The Budget and the National Recovery Programme (see Annex B).

Before summer recess

3. Strategy for this year's public expenditure survey. Cabinet will need to set the framework of policy on the level and growth of public expenditure as a whole, within which discussions on expenditure programmes can take place in the autumn.

4. Begin preparation of the national economic assessment.

5. Policy on credit management and control of price rises.

6. Policy on pay for the annual round beginning in the autumn. Settle arrangements for the introduction of a statutory minimum wage. (See Annex C on public sector pay.)

DEVOLUTION

First month

7. Immediate decisions will be needed on the arrangements for developing proposals for Scottish devolution. Devolution to Wales and the English Regions can be pursued on a longer time-scale. (See separate brief on devolution.)

EDUCATION

First month

8. Proposals for legislation on extension of nursery education, reducing class sizes, ending selection of pupils at age 11, introducing new system for school reorganisations, phasing out the Assisted Places Scheme, re-absorbing Grant Maintained schools and City Technology Colleges into mainstream of the local education system, and establishing the Education Standards Commission and General teaching Council.

Before summer recess

9. Reform of curriculum and examinations, including establishing five-subject A level.

10. Replace student loan scheme with grants and targeted help for housing and vacation hardship.

ENERGY

Before summer recess

11. Initiate action to restore public control of National Grid.

12. Decide on proposals for establishing Energy Efficiency Agency and Renewable Energy Agency.

13. Develop national energy policy including enhanced recovery of oil from North Sea; reduced coal imports; stopping "dash for gas"; requiring companies to invest in R&D.

ENVIRONMENT

First month

14. Decide strategy for United Nations Conference on Environment and Development (UNCED - the "Earth Summit") in Rio in June. Consider what measures should be adopted to achieve commitment to stabilise CO₂ emissions at 1990 levels by end of decade, with significant cuts in early years of new century; consider response to expected European Community (EC) proposals for a carbon/energy tax.

Before summer recess

15. Consider line to take on resumption of commercial whaling, in time for International Whaling Commission meeting in June.

16. Establish Environmental Protection Executive to enforce pollution standards, and develop a national waste strategy.

HOME AFFAIRS

First Month

17. Decide handling and agree timescale for action on freedom of information. (See separate brief.)

18. Review and settle policy on refugees and asylum as the first stage in consideration of immigration and citizenship laws more generally.

Before Summer Recess

19. Settle policy on repeal of Prevention of Terrorism Act and replacement legislation (next annual renewal date March 1993).

20. Establish Monopolies and Mergers Commission inquiry into concentration of media ownership.

21. Decide handling and timescale for legislation on equal pay, sex discrimination and race discrimination; and for any early action concerning children.

Other Issues

22. Policy on crime prevention and detection; on prisons and sentencing; on the Police and Criminal Evidence Act; and on legal aid.

HOUSING

Before summer recess

23. Extension of mortgage rescue schemes and front-loading of mortgage tax relief for first time buyers. (The package might also include action on gazumping, though that is less urgent.)

24. Setting up the new Housing Bank to use receipts from council

house sales by local authorities.

Other issues

25. Measures to deal with homelessness by improving access to housing benefit and utilising surplus public sector properties.

26. Policy on council house rents, on private sector renting, and on housing benefit.

INDUSTRIAL POLICY AND CONSUMER PROTECTION

Before summer recess

27. Formulation of proposals for the establishment of a National Investment Bank, Regional Development Agencies in England, and British Technology Enterprise. Timetable for creation of Technology Trusts throughout Britain.

28. Development of a Consumers' Charter; and stronger regulation of utilities, with standards enforced through a Consumer Protection Commission.

29. Timetable for return of water industry to public control.

Other issues

30. Initiatives to assist business, including establishment of network of one-stop advice centres.

31. Reform of milk marketing arrangements (the Milk Marketing Board (MMB) is due to submit proposals for reform to MAFF by Easter following proceedings by the European Community against MMB's monopoly); and establishment of a Food Standards Agency.

32. Proposals (including fishing vessels decommissioning scheme) to reduce fishing effort, conserve stocks, and meet European Community targets.

LOCAL GOVERNMENT

First week

33. Changes in local government finance: any action affecting chargepayers' bills in 1992/93; and arrangements for local

government finance in future years including implementation of fair rates, new systems for allocating central Government grants to local authorities (including an earmarked grant for community care), and the return of non-domestic rates to local authority control.

Before summer recess

34. Statement on abolition of capping.

35. Basis of consultation on new general-purpose authorities to replace district and county councils.

36. Responsibilities of the Greater London Authority, and a timetable for setting it up.

37. Replacement of the Audit Commission with a Quality Commission.

38. Ending of compulsory competitive tendering.

Other issue

39. Implementation of the commitment to give a general power of competence to local authorities.

THE NATIONAL HEALTH SERVICE

First month

40. Timetable for removal of the internal market and other structural changes to health service organisation and management.

41. Level of funding for the health service (including the level of charges unless taken later in the public expenditure discussions).

Other issue

42. Establishment of a Health Quality Commission.

THE OLYMPIC GAMES

Before summer recess

43. Availability of Government support for Manchester's bid for

the 2000 Olympic Games beyond the items covered by the previous Government's £55 million for initial facilities. (The Manchester Olympic Bid Committee are likely to press for clarification of this point.)

PARLIAMENTARY AND ELECTORAL MATTERS

(i) House of Commons Procedure

First month

44. Leader of the House to bring forward before the debate on The Queen's speech a timetable for action on the Jopling Report on Sittings of the House, to provide a basis for responses to enquiries about the Government's position.

Before summer recess

45. Reach a view on the detailed recommendations in the Jopling Report and give a Government reply (format to be decided) so that there can be a vote on any proposals for change and arrangements can be put in place before the House returns in the autumn, when work on the substance of the legislative programme will begin.

(ii) State aid for political parties

First month

46. A decision will be required before the debate on The Queen's speech on Ministerial responsibility for implementing the Houghton Report and the timescale for action. It would be helpful to decide by then how the proposals relating to political donations could be taken forward.

(iii) Reform of the House of Lords

Before summer recess

47. If reform is to be implemented in time for the next General Election, legislation will be needed by the second Session of Parliament and a plan of action should be agreed before the summer.

(iv) Proportional representation

Before summer recess

48. If action is intended in the first or second Sessions of

this Parliament it will be necessary to agree before the summer on the timescales within which the augmented Plant working party should report and on consequential action prior to legislation.

SCIENCE AND TECHNOLOGY

First month

49. The United Kingdom's negotiating stance on the size and content of the European Community's fourth framework programme for funding research and development in key areas of science and technology, and on any increase in the third framework programme.

Before summer recess

50. Initiate development of national strategy to promote science and technology.

SOCIAL SECURITY

First month

51. Implementation of uprating of pensions and child benefit, and changes to national insurance contributions (Budget item).

52. The balance in the National Insurance Fund.

53. Response to the House of Commons Select Committee report on occupational pension schemes, which recommended an inquiry in the wake of the Maxwell affair.

Before summer recess

54. Formulation of proposals for equality in state pension age through a flexible decade of retirement.

Other issue

55. Proposals for a new National Pensions Plan building on the State Earnings Related Pension Scheme.

TRAINING AND EMPLOYMENT

Before summer recess

56. Develop framework of law for employers and unions including restoration of union rights at GCHQ; equal rights and status for all employees; employees' rights to be consulted and informed;

and right to union membership and representation.

Other issues

57. Initiatives on training: employers to be obliged to invest minimum amount in training their workforce or make contribution to local or national training effort; reform of Training and Enterprise Councils; each young person in employment guaranteed the right to learn while earning.

TRANSPORT

First month

58. Future of Jubilee Line extension (contingent on £400 million contribution from Canary Wharf developers).

Before summer recess

59. Review of the roads programme.

60. Investment in British Rail and other public transport investment, including the use of private capital.

61. London Underground's draft 10-year strategy.

Other issues

62. End the deregulation of buses.

63. Establish new transport safety inspectorate.

64. Initiatives to tackle congestion and environmental damage including "green light" programme and schemes for concessionary fares and traffic management.

65. Channel Tunnel rail link.

WELSH LANGUAGE

Before summer recess

66. Settle policy for the Welsh Language Act.

THE BUDGET AND THE NATIONAL RECOVERY PROGRAMME

ACTION FOR FIRST MONTH

1. The first step will be for the Chancellor of the Exchequer to review the proposals in the Labour Budget Statement and the Manifesto in the light of the latest Treasury analysis of the economic prospects. He will put initial conclusions to you shortly.

2. An early decision will be needed on the date of the Budget. The Finance Act passed just before the election provided for the 20% tax band to take effect from 18 May. If this is to be forestalled, new budget resolutions would need to be passed beforehand. But the debate on the Address will not begin until 6 May, and would normally last for a week, until Wednesday 13 May. There would not then be enough sitting days to fit in the usual four-day Budget debate before Monday 18 May. The Chancellor will consult the business managers and recommend a timetable for the handling of the debates and resolutions.

ACTION BEFORE SUMMER RECESS

Budget Legislation

3. A new Finance Bill will be needed to provide for the new fiscal measures, and for the various technical changes (including those concerned with the EC single market) held over from the previous Finance Act. Separate Bills will be required to make the changes in the National Insurance framework and to adjust the transitional arrangements for the Uniform Business Rate so as to help business cash flow (the latter might include other immediate changes in local taxation). Preparation of these Bills is expected to be generally straightforward. All will need to be enacted soon, although the National Insurance contribution changes could not take effect until October because of the time needed by employers to adapt their payments systems. The Chancellor and the Social Security and Environment Secretaries

will need to take forward preparation of the legislation.

National Recovery Expenditure Programmes

4. At the same time the Chief Secretary, Treasury, will need to discuss implementation of the expenditure plans in the Recovery Programme with the relevant Secretaries of State. Several months will be needed to implement the increases in child benefit and pensions; there may in any case be advantage in timing their introduction to coincide with the higher National Insurance contributions from October. The other elements of the Recovery Programme can be introduced as soon as the expenditure and the mechanisms for implementation have been agreed between the Chief Secretary and the relevant Minister.

PUBLIC SECTOR PAY

1. Early decisions are needed on civil service pay. Negotiations have been under way for some time with the civil service unions on the annual pay settlements to apply from 1 April (for staff up to grade 7 level, represented by NUCPS and the CPSA) and from 1 August (for professionals and FDA grades). Under the long term pay agreements civil service pay is constrained by the interquartile ranges of relevant pay movements in the private sector. The previous Government was negotiating changes to those pay agreements to allow greater delegation of responsibility for setting pay to Departments and agencies, and to allow for an extension of performance pay. The Chancellor of the Exchequer will be minuting you shortly on strategy for civil service pay.

2. Negotiations are also under way with a number of other public sector groups. These include administrative, clerical and ancillary staff in the national health service (over 250,000 staff); ambulancemen; university lecturers; and railwaymen. Ministers responsible for these groups will need to settle objectives and tactics with the Chancellor of the Exchequer and the Secretary of State for Employment.

3. The report of the Top Salaries Review Body on the pay of the most senior civil servants, judges and senior officers in the armed forces is expected in June. This will be one of the TSRB's periodic fundamental reviews rather than the normal annual updating of pay levels, and the recommendations may therefore be more than usually difficult to handle.

4. Ministers will also need to discuss, probably before the summer recess, their strategic approach to public sector pay as a whole, in the light of the Manifesto commitment to "seek fairer and more rational ways of determining public sector pay", and the

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implementation of a national minimum wage. The Government will need to be in a position to set the right tone in advance of the annual pay round beginning in the autumn. The national economic assessment will provide a mechanism for this purpose. The Chancellor and the Secretary of State for Employment will need to bring forward proposals in due course.

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