



CONFIDENTIAL

Prime Minister

Discuss with Robert  
Armstrong at Friday's Business  
Meeting?

PRIME MINISTER

Yes not

FEB

25.1.

Cabinet Committee Structure for Economic Matters

You asked me to suggest composition and terms of reference for a new high-level Cabinet Economic Committee, to take the place of the Ministerial Committee on Economic Strategy (E). That at present has the following 17 members:

- Prime Minister (Chairman)
- Secretary of State for the Home Department
- Chancellor of the Exchequer
- Secretary of State for Foreign and Commonwealth Affairs
- Secretary of State for Education and Science
- Secretary of State for Northern Ireland
- Secretary of State for Defence
- Minister of Agriculture, Fisheries and Food
- Secretary of State for the Environment
- Secretary of State for Industry
- Secretary of State for Transport
- Chief Secretary, Treasury
- Lord Privy Seal
- Secretary of State for Energy
- Secretary of State for Employment
- Chancellor of the Duchy of Lancaster
- Secretary of State for Trade

2. If we restrict the membership of the new Committee to those senior members of the Cabinet who may have some specific contribution to make to economic policy and those Ministers with general or particularly crucial economic responsibilities, that might produce a Committee of 9 members as follows:

- Prime Minister (Chairman)
- Secretary of State for the Home Department
- Chancellor of the Exchequer
- Secretary of State for Foreign and Commonwealth Affairs
- Secretary of State for Northern Ireland
- Secretary of State for Industry
- Secretary of State for Energy
- Secretary of State for Employment
- Secretary of State for Trade

3. This would mean that, in addition to the Secretaries of State for Defence and the Environment, where the issue of membership arises as a consequence of the reshuffle, you would be dropping six members of E, ie the Secretary of State for Education and Science, the Minister of Agriculture, the Secretary of State for Transport, the



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Chief Secretary, Treasury, the Lord Privy Seal and the Chancellor of the Duchy.

4. At present the Lord President, the Chief Whip and Mr. Sparrow are not members of E, but are invariably invited to attend. We should have to decide whether to continue that practice for the new Committee.

5. If you decide in favour of a change as extensive as this, we shall need to consider how best to handle it vis a vis your colleagues. The change might appear more acceptable if it were to arise from a re-casting of the Cabinet Committee structure in the economic area which would have the following elements:

(i) There would be a new smaller committee under your chairmanship which would be confined to the major issues of economic policy (although in practice it would have to extend to any economic matters which were so contentious that they could only be resolved under your chairmanship); this might be called the Ministerial Committee on Economic Policy (EP) and would replace E.

(ii) The ordinary run of economic business would be dealt with in a larger committee which might be called the Ministerial Committee on Economic Affairs (EA); this would replace the present Sub-Committee of E (E(EA)) which deals with the less important economic matters.

6. The present composition of E(EA) is as follows:

Secretary of State for Industry (Chairman)  
Secretary of State for the Environment  
Secretary of State for Scotland  
Secretary of State for Wales  
Chief Secretary, Treasury  
Secretary of State for Energy  
Secretary of State for Employment  
Secretary of State for Trade

7. Because of the wider remit and increased responsibilities of EA as compared with E(EA) I think that it would be right to transfer the chairmanship to the Chancellor of the Exchequer from the Secretary of State for Industry. EA might have the following 13 members:



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Chancellor of the Exchequer (Chairman)  
Secretary of State for Northern Ireland  
Minister of Agriculture, Fisheries and Food  
Secretary of State for Scotland  
Secretary of State for Wales  
Secretary of State for Industry  
Secretary of State for Transport  
Chief Secretary, Treasury  
Lord Privy Seal  
Secretary of State for Energy  
Secretary of State for Employment  
Secretary of State for Trade  
Secretary of State for the Environment

8. Under these proposals certain Ministers who are at present members of E would not be members of either of the new committees. (The Secretary of State for Education and Science, the Secretary of State for Defence and the Chancellor of the Duchy).

9. The remaining Ministerial Economic Committees would be unchanged, ie the Ministerial Committee on Exports (EX) and the ~~existing~~ sub-Committees of E (E(DL), E(NI), E(PSP), E(PU) and E(TP)); the sub-Committees would become sub-Committees of EP, although we need not trouble to change their abbreviations.

10. In the light of your views on these proposals, I shall be ready to send out the necessary minutes to the Ministers concerned. If you were minded to explain what you have in mind to the Ministers primarily affected, notably the Chancellor of the Exchequer and the Secretary of State for Industry (because of his loss of the chairmanship of E(EA)), before the changes were generally promulgated, I would produce draft minutes for the purpose.

Robert Armstrong

24th January 1983

Prime Minister ① of SV



Perhaps the rates group is on the large side - with the risk of an attempted repetition of MISC 79 discussion? Two Treasury Ministers and the Scottish Secretary?

Ref. A083/0257

PRIME MINISTER

Handling of Further Work on Local Government Finance and the Parliamentary Control of Expenditure (Reform) Bill

Discuss with

You told the Cabinet on 20 January that you would pursue further the question of local government finance with a small group of Ministers. I suggest that you might like to set up a new committee for this purpose. It would be a Sub-Committee either of E or (depending on your reaction to my minute of today's date about the structure of the economic committees) of the new EP Committee, and would be known as the Ministerial Sub-Committee on Local Government (E(LF)). The composition might be as follows:

Prime Minister

Should the group also be ready to co-opt one

Sir R Armstrong?

Home Secretary

- Chancellor of the Exchequer  
Secretary of State for Scotland

or two non-Ministerial experts - eg Mr Heiser?

Ms 26/1

R. L. K.?  
Gangone →

- Chief Secretary, Treasury

Chancellor of the Duchy of Lancaster

Secretary of State for the Environment

2. You also indicated that, at a later stage, you might wish to bring some of the issues to a larger group. You will probably not wish to decide now how that might best be done. If you wish to be involved in that larger discussion yourself, we could invite additional Ministers to your Sub-Committee. If, however, you wanted the further work done without your being involved, we could use the existing MISC 79 under the Home Secretary's chairmanship. MISC 79 will in any event remain in existence to deal with any detailed matters requiring collective discussion which arise from the follow-up to the Cabinet's Conclusions on local government organisation.

3. You also told the Cabinet on 20 January that a small group would be set up under the Chancellor of the Exchequer's chairmanship to co-ordinate the Government's tactics in relation to the Parliamentary Control of Expenditure (Reform) Bill. I propose that a Ministerial Group on Parliamentary Control of Expenditure should be set up in the MISC series with the following composition:



Chancellor of the Exchequer (Chairman)  
Secretary of State for Industry  
Lord President of the Council  
Secretary of State for Transport  
Secretary of State for Social Services  
Lord Privy Seal  
Secretary of State for Energy  
Secretary of State for Trade  
Secretary of State for the Environment  
Chief Whip

4. If you agree with these proposals I will make the necessary arrangements forthwith.

A handwritten signature in black ink, consisting of the letters 'R' and 'A' in a stylized, cursive script.

ROBERT ARMSTRONG

25 January 1983



Local Gov  
Relations

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SECRET



10 DOWNING STREET

~~Robin~~

Yes

BBB

2.2.

informed Lindsay  
on 3/2/83

Steve

Re your minute of 28 Jan  
to Sir Robert.

- His office has now responded that following discussions with the Chancellor only the Chief Secretary will attend E(LF).
- As for the new MISC group, the Chief Secretary would like to be added to the list of proposed members.
- May Lindsay proceed on this basis? Peter 2/2

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CABINET - 10

10 DOWNING STREET

*From the Principal Private Secretary*

Sir Robert Armstrong

Handling of Further Work on Local Government Finance and  
the Parliamentary Control of Expenditure (Reform) Bill

The Prime Minister discussed with you this morning your minute of 25 January A083/0257. She is content with the composition of the new Ministerial Sub-Committee on Local Government (E(LF)), subject to the point that she thinks it unnecessary for both the Chancellor of the Exchequer and the Chief Secretary to attend the Committee, and she asked you to discuss with the Chancellor which of the two Treasury Ministers should be the regular member of the Committee. The Prime Minister suggested that the Secretary of State for the Environment should be invited to bring a supporting expert if he wished. You pointed out that the Treasury Minister and the Secretary of State for Scotland might also wish to bring an official in support, and the Prime Minister was agreeable to this if necessary, provided that the numbers did not become too high.

The Prime Minister was also content with your proposals for the composition of the group under the Chancellor of the Exchequer's chairmanship to co-ordinate the Government's tactics in relation to the Parliamentary Control of Expenditure (Reform) Bill on the assumption that the Bill obtains a second reading in the House today.

E. E. R. BUTLER

28 January, 1983.

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RM



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10 DOWNING STREET

*From the Principal Private Secretary*

Sir Robert Armstrong

Cabinet Committee Structure for Economic Matters

The Prime Minister discussed with you this morning your minute of 24 January A083/0247 about the Ministerial Committee on Economic Strategy.

After discussion, the Prime Minister decided to leave the composition of the Economic Strategy Committee as it is: this means that both the Secretary of State for Defence and the Secretary of State for the Environment would remain members. The Prime Minister noted that this would not preclude her from establishing a smaller group to discuss particular issues of economic strategy, if necessary, or from making a more radical change in the Committee structure after the Election, on the lines proposed in your minute.

E. E. R. BUTLER

28 January, 1983.

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