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FIRST REPORT

FROM THE

ESTIMATES COMMITTEE

TOGETHER WITH PART OF THE MINUTES OF
EVIDENCE TAKEN BEFORE SUB-COMMITTEE G
AND APPENDICES

Session 1960-61

SUPPLEMENTARY ESTIMATES

*Ordered by The House of Commons to be printed
1st March 1961*

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Friday, 4th November, 1960

The Estimates Committee was nominated of—

| | |
|-------------------------------|--------------------------|
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| Mr. Bourne-Arton, | Major Sir Frank Markham, |
| Mr. Boyden, | Mr. Marsh, |
| Mr. Robert Carr, | Mr. Matthews, |
| Mr. Gresham Cooke, | Mr. Mawby, |
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| Mr. William Hamilton, | Mr. Thorpe, |
| Mr. Hopkins, | Mr. Turton, |
| Mr. McCann, | Mr. Webster, |
| Mr. MacColl, | Mr. Wilkins, and |
| Mr. Mackie, | Mr. Woof. |

Thursday, 8th December, 1960

Ordered, That Mr. Joseph Slater be discharged from the Estimates Committee; and that Mr. Millan be added to the Committee.

The cost of preparing for publication the Shorthand Minutes of Evidence taken before Sub-Committee G was £116 12s. 0d.

The cost of printing and publishing this Report is estimated by H.M. Stationery Office at £450 0s. 0d.

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NOTES

In the Report, references to the Minutes of Evidence are indicated by the letter " Q " followed by the number of the Question referred to. References to Memoranda included in the Minutes of Evidence are indicated by the word " Evidence " followed by the number of the page referred to. References to Memoranda included in the Appendices are indicated by " App. — " followed by the number of the page referred to.

In the Minutes of Evidence a row of asterisks indicates that part of the Evidence has not been reported.

FIRST REPORT

The Select Committee appointed to examine such of the Estimates presented to this House as may seem fit to the Committee, and report how, if at all, the policy implied in those Estimates may be carried out more economically, and, if the Committee think fit, to consider the principal variations between the Estimates and those relating to the previous financial year and the form in which the Estimates are presented to the House, have made progress in the matter to them referred, and have agreed to the following Report:—

SUPPLEMENTARY ESTIMATES

INTRODUCTION

Method of the Enquiry

1. Your Committee referred to Sub-Committee G the Supplementary Estimates and the Financial Secretary's Memorandum on the Civil Estimates. In this Report Your Committee have dealt only with those Supplementary Estimates which were presented on 7th February. Further Supplementary Estimates were laid before the House after Sub-Committee G concluded taking evidence. Your Committee are not therefore in a position to comment on them.*

2. Your Committee were faced with the problem of how best they could carry out what the Leader of the House in his statement of 26th July, 1960 described as "an early and urgent task for the Committee each Session because spring Supplementary Estimates cannot be presented many weeks before they are required to be passed by the Committee of Supply at the end of the financial year".† It was therefore arranged with the Treasury and the Service departments for Members of Sub-Committee G to be supplied with proof copies of the Supplementary Estimates nearly two weeks in advance of the date of their presentation to the House. Your Committee wish to thank the departments concerned for their co-operation in this matter.

3. Memoranda on the Supplementary Estimates were submitted initially by the Treasury, the War Office and the Air Ministry.‡ Having taken evidence from representatives of these Departments on their respective Memoranda, the Sub-Committee decided to concentrate their further enquiries on five Estimates in particular, namely, the Civil Supplementary Estimates, Class I, Vote 13 (Government Hospitality), Class II, Vote 5 (Commonwealth Services), Class II, Vote 8 (Colonial Services), Class VII Vote 3 (Public Buildings, &c., United Kingdom) and Class VII Vote 4 (Public Buildings Overseas). Accordingly they heard evidence from witnesses representing the Treasury, the Commonwealth Relations Office, the Colonial Office and the Ministry of Works.§

* See paragraph 25.

† Parliamentary Debates, House of Commons, 26th July, 1960.

‡ Evidence, pp. 7-30.

§ See p. xix.

THE OVERALL POSITION

4. The total of the Supplementary Estimates presented on 7th February is some £85 million. This represents 1·6 per cent of the total supply of £5,385 million so far voted, and compares with a total of £82 million in the financial year 1959/60, or 1·7 per cent of the total supply of £4,903 million voted up to the same period in that year.

5. The out-turn for the current financial year is not, however, expected to be as much as the total of the main Estimates and the Supplementary Estimates combined, which is £5,470 million, since there is expected to be a substantial shortfall in expenditure on those Votes for which no Supplementary provision is sought.

6. Your Committee considered the possibility of combining the figures of the Civil and Service Supplementary Estimates throughout the Report, but they have come to the conclusion that this would be misleading. In the first place, the power to use a surplus realised on one Vote temporarily to make good a deficit on another is confined to the Service Departments. In the second place, the methods used by the Service Departments in analysing their Supplementary Estimates were not exactly the same as those used by the Treasury. Your Committee welcome the intention of the Treasury to examine with the Service Departments the problem of how to overcome these difficulties, and hope that it will be possible for them to include combined figures in their Report in future years. For these reasons, Your Committee have dealt with the Service Supplementary Estimates in a separate section in this Report.*

CIVIL SUPPLEMENTARY ESTIMATES AND SUPPLEMENTARY ESTIMATES FOR REVENUE DEPARTMENTS

General

7. There are 89 Supplementary Estimates for the Civil and Revenue Departments totalling some £74 million. This compares with 81 Estimates presented at the same time last year totalling some £76 million. Of the 89 Estimates 13 are token sums. On the 76 substantive Estimates the average increase over the main Estimate is 9·7 per cent. The pattern of increases over the field is as follows:—

| | <i>Percentage increase</i> | | | <i>No. of Supplementaries</i> | <i>Total</i> |
|-----------------|----------------------------|-----|-----|-----------------------------------|--------------|
| (i) less than 5 | ... | ... | ... | 34 | £37 million |
| (ii) 5·0—9·9 | ... | ... | ... | 16 | £9 million |
| (iii) 10·0—14·9 | ... | ... | ... | 13 | £11 million |
| (iv) 15·0—24·9 | ... | ... | ... | 4 | £200,000 |
| (v) 25 and over | ... | ... | ... | 9 | £17 million |

* Paragraphs 18–24.

The following are the Votes in Groups (iv) and (v):—

| <i>Group (iv)</i> | <i>Total</i> | <i>Percentage increase</i> |
|---|--------------|--------------------------------|
| Class III, Vote 21 (Supreme Court of Judicature, etc., Northern Ireland) | £12,295 | 15·4 per cent |
| Class III, Vote 19 (Law Charges and Courts of Law, Scotland) | £60,000 | 15·6 per cent |
| Class I, Vote 10 (Exchequer and Audit Department) | £98,000 | 17·1 per cent |
| Class IV, Vote 7 (Tate Gallery) | £21,494 | 20·5 per cent |
| <i>Group (v)</i> | | |
| Class III, Vote 7 (Supreme Court of Judicature, etc.) | £40,058 | 25·0 per cent |
| Class VIII, Vote 5 (Fishery Grants and Services) | £2,100,000 | 25·5 per cent |
| Class VII, Vote 1 (Ministry of Works)* ... | £2,100,000 | 25·6 per cent |
| Class III, Vote 8 (County Courts) | £154,677 | 28·5 per cent |
| Class VIII, Vote 6 (Surveys of Great Britain, &c.)† | £1,037,000 | 31·0 per cent |
| Class VIII, Vote 3 (Agricultural and Food Services)‡ | £3,855,890 | 34·7 per cent |
| Class IV, Vote 15 (National Galleries of Scotland)‡ | £31,755 | 43·5 per cent |
| Class I, Vote 13 (Government Hospitality)§ | £35,000 | 50·0 per cent |
| Class II, Vote 5 (Commonwealth Services) | £7,205,550 | 52·0 per cent |

8. These figures are of general interest, but it would be a mistake to assume that the nine Votes in Group (v) are necessarily the most significant. For instance, practically the whole of the 43·5 per cent increase in Class IV, Vote 15 (National Galleries of Scotland) results from the Government's decision to make a special Grant towards the purchase of the Claude painting "Landscape with Apollo, the Muses and a River God". There are other similar cases in each of the five Groups. A similar Table showing the larger increases, if produced each year, will enable it to be seen which Votes fall regularly into the higher groups.

Division of the Estimates

9. The Treasury, at the request of Sub-Committee G, divided the Supplementary Estimates in their first Memorandum¶ into four categories, as follows:—

- A. Estimates required to meet risen costs;
- B. Estimates required to meet the needs of policy developments;
- C. Estimates required to meet deficiencies on original Votes due to changes in circumstances (other than risen costs) not of a policy nature; and
- D. Estimates required to correct faulty original estimating.

A large number of the Supplementary Estimates fall into more than one category.

* Q. 75–85.
§ See paragraphs 27–32.

† See paragraph 12.
|| See paragraphs 33–46.

‡ See paragraph 8.
¶ Evidence, pp. 7–27.

10. At a later stage Sub-Committee G asked the Treasury to produce approximate figures showing how much of the expenditure comes under each category. It was emphasised by the Treasury that there were a number of difficulties in the way of producing precise figures (Q. 45-48), but approximate figures (to the nearest £5 million) were given as follows:—

| | | | | | |
|----------------|-----|-----|-----|-----|-------------|
| Category A ... | ... | ... | ... | ... | £30 million |
| Category B ... | ... | ... | ... | ... | £15 million |
| Category C ... | ... | ... | ... | ... | £30 million |
| Category D ... | ... | ... | ... | ... | £100,000 |

Category A

11. 68 of the Supplementary Estimates come wholly or partly into Category A. Some £32 million of the total of £74 million is due to increases on salary subheads, mostly accounted for by increased remuneration (including additional overtime), though there is an element in it for the provision of extra staff. Sub-Committee G noted (Q. 50-53) that in the printed Estimates there were instances where the detail in Part III did not make it clear that part of the sum asked for under a salary subhead was due to an increase in staff. Many of these were corrected before the Estimates were presented to Parliament, but Your Committee consider that it is essential that a clear distinction should be made between the monies required as a result of pay awards and those required mainly or partly for increases of staff. They therefore recommend that where staff has been increased by more than 2 per cent there should always be a note mentioning additional staff in Part III of the Supplementary Estimates.

12. The major increases in Civil Service remuneration affecting the Estimates for the financial year 1960/61 amount to some £27 million, of which about £15 million (or more than half the total) is required to meet the retrospective element in pay and salary awards. Of 8 major awards 7 involved retrospective payments. One arbitration award for draughtsmen had the effect of raising by 30 per cent the total required on the Civil Estimates Class VIII, Vote 6 (Surveys of Great Britain, &c.). This award was backdated for nearly three years, and the retrospective element in it accounts for four-fifths of the Supplementary sum needed on this Vote during the current financial year. Though this is an extreme case, it was stated in Evidence that out of the 68 salary subheads in the Supplementary Estimates, 12 increased the provision in the main Estimate under this head by over 12½ per cent, and that this "arises predominantly from retrospective awards by arbitration tribunals and the like" (Q. 57). In the opinion of Your Committee the extent to which retrospective awards can upset Estimates is not sufficiently appreciated.

Category B

13. Fifteen of the Supplementary Estimates fall wholly or partly into Category B, representing a total of about £15 million. Your Committee feel that they are precluded by their terms of reference from commenting in detail on these parts of the Estimates except in regard to the method and timing of the presentation of certain "policy" items.*

* Paragraphs 33-46.

Category C

14. 45 of the Supplementary Estimates fall wholly or partly into Category C, representing a total of about £30 million. The category covers a wide variety of "changes in circumstances". Some of these, such as the Civil Estimates, Class VIII, Vote 3 (Agricultural and Food Services), which is needed primarily to cover expenditure on compensation in connection with outbreaks of foot-and-mouth disease and fowl-pest, are due to unforeseeable contingencies. In the case of others, however, such as the Civil Estimates, Class V, Vote 4 (Ministry of Health) and Class V, Vote 9 (Department of Health for Scotland), where the number of beneficiaries under the National Milk Scheme was larger than expected, the "changes in circumstances" might perhaps have been foreseen before the main Estimate was presented (Q. 87).

15. All five Supplementary Estimates on which detailed evidence was heard by Sub-Committee G, and on which Your Committee report in detail in paragraphs 27-58, fall wholly or partly into Category C. Shortage of time prevented Your Committee from examining in detail more than those Estimates selected, but this should not be taken as implying that the remainder do not warrant further examination.

Category D

16. Only two Supplementary Estimates have been placed by the Treasury within Category D, totalling about £100,000. Sub-Committee G heard detailed Evidence on one of these (Civil Estimates, Class VII, Vote 4 (Public Buildings Overseas)) and their observations on it appear in paragraphs 54-58. The other—Civil Estimates, Class V, Vote 12 (Exchequer Grants to Local Revenues (Scotland))—is needed to correct an arithmetical error arising from the transposition of figures in the data supplied by a local authority which caused under-estimating of the amount payable in respect of Exchequer Equalisation Grant. Steps have been taken to prevent this happening again*. No extra charge falls on public funds as a result of the mistake.

General

17. Your Committee consider that this method of dividing the Supplementary Estimates is helpful, but they believe that further study of the criteria used for determining into which categories the Estimates should be placed would produce a more satisfactory division. In particular they believe that the range of "changes in circumstances" within Category C is too wide (see paragraph 14). They recommend that a study of this problem should be made by the Treasury in consultation with the Service departments, and that the results of the study should be communicated to Your Committee in time for an improved formula to be drafted for use in the Memoranda covering next February's Supplementary Estimates.

**SUPPLEMENTARY ESTIMATES OF THE SERVICE
DEPARTMENTS**

18. No Supplementary Estimate was presented by the Admiralty (except for a token Supplementary Estimate presented on 5th July, 1960) or by the Ministry of Defence, but Your Committee hope that these departments will take note

* See App. 5, p. 139.

of the procedures adopted this year and the modifications suggested, so that whenever they present Supplementary Estimates they will be familiar with the form of the Memoranda required.

19. The total of the Army Supplementary Estimate amounts to £5½ million, the original Estimate being £470,050,100, to which a token sum of £10 was added in a Supplementary Estimate presented on 5th July, 1960. The gross amount in the Supplementary Estimate is about £10½ million, but £5 million of this is offset by savings on two of the Votes.

20. The total of the Air Supplementary Estimate amounts to £6 million, the original Estimate being £527,460,000, to which a token sum of £10 was added in a Supplementary Estimate presented on 5th July, 1960. The gross amount in the Supplementary Estimate is about £9½ million, but £3½ million of this is offset by savings on three of the Votes.

Army Supplementary Estimate

21. Net increases in expenditure are shown on the Army Supplementary Estimate, Votes 1, 4, 5, 8, 9 and 10, but these are partly offset by net decreases on Votes 6 and 7. The War Office have divided the increases incurred on the six Votes into the same categories which the Treasury used for the Civil Estimates, as follows:—

| | | | | | | | |
|---------|-----|-----|-----|-----|-----|-----|---------|
| Vote 1 | ... | ... | ... | ... | ... | ... | A and C |
| Vote 4 | ... | ... | ... | ... | ... | ... | A |
| Vote 5 | ... | ... | ... | ... | ... | ... | A and C |
| Vote 8 | ... | ... | ... | ... | ... | ... | A and C |
| Vote 9 | ... | ... | ... | ... | ... | ... | A and C |
| Vote 10 | ... | ... | ... | ... | ... | ... | C |

22. The approximate gross expenditure on each of the two categories is estimated as follows:—

| | | | | | | |
|------------|-----|-----|-----|-----|-----|-------------|
| Category A | ... | ... | ... | ... | ... | £5 million |
| Category C | ... | ... | ... | ... | ... | £5½ million |

Air Supplementary Estimate

23. Net increases in expenditure are shown on the Air Supplementary Estimate, Votes 1, 3, 4, 5, 7 and 9, but these are partly offset by net decreases on Votes 6, 8 and 10. The Air Ministry have divided the increases incurred on the six votes into categories, as follows:—

| | | | | | | |
|--------|-----|-----|-----|-----|-----|------------|
| Vote 1 | ... | ... | ... | ... | ... | C and D |
| Vote 3 | ... | ... | ... | ... | ... | A |
| Vote 4 | ... | ... | ... | ... | ... | A |
| Vote 5 | ... | ... | ... | ... | ... | A, C and D |
| Vote 7 | ... | ... | ... | ... | ... | B and D |
| Vote 9 | ... | ... | ... | ... | ... | B and C |

24. The second Air Ministry Memorandum* made it clear that the Ministry had divided the increases on the six Votes into the same categories as the

* Evidence, pp. 107-112.

Treasury used for the Civil Estimates. Your Committee, however, believe that the Air Ministry interpreted the definitions less favourably to themselves than the Treasury, the result being that they placed a relatively larger amount of expenditure into Category D. Your Committee hope that this disparity will be eliminated as a result of the further study recommended in paragraph 17. The division was as follows:—

| | | | | | | |
|------------|-----|-----|-----|-----|-----|--------------|
| Category A | ... | ... | ... | ... | ... | £4 million |
| Category B | ... | ... | ... | ... | ... | £0·9 million |
| Category C | ... | ... | ... | ... | ... | £3·8 million |
| Category D | ... | ... | ... | ... | ... | £0·8 million |

SELECTION OF VOTES

25. The division of the Civil Supplementary Estimates into categories was of great value in selecting Votes for detailed study. Your Committee hope that the Service Supplementary Estimates will be divided into categories at an early stage in future years. It would be of the greatest advantage to the work of Your Committee if all departments were to try to ensure that no further Supplementary Estimates were presented after the first week in February in any financial year, and if the Treasury and Service Departments were to inform Your Committee at the earliest possible moment if such further Supplementary Estimates were expected to be necessary.

26. Certain Votes were chosen for further study because Sub-Committee G considered either:—

- (a) that they seemed excessive in relation to the main Estimate, or
- (b) that it was difficult to understand their full implications either by reading the Supplementary Estimates themselves or the Treasury Memorandum, or
- (c) that they were likely to bring out points which would be of general application to all Votes.

CIVIL SUPPLEMENTARY ESTIMATES CLASS I, VOTE 13 (GOVERNMENT HOSPITALITY)

27. The Civil Estimates Class I, Vote 13 (Government Hospitality) for the financial year 1960/61 were £70,000, and on 7th February a Supplementary Estimate for a further £35,000 was presented, a very large increase. In addition to this total of £105,000, there was available £10,000 which was carried over from the previous financial year.

28. The Government Hospitality Fund is designed to provide official hospitality for Heads of State and other distinguished overseas visitors received by Ministers. The Minister of Works “manages the Fund, and he is the source by which the expenditure is authorised” (Q. 124). The Treasury account for the Vote, but do not control expenditure. In practice the Secretary of the Government Hospitality Fund, who is technically an officer of the Treasury, operates the Fund and consults the Minister of Works, as necessary. With the consent of the Minister of Works, he makes suggestions for the Estimate, and the Treasury lay it before the House. The Ministry of Works, as distinct from the Minister, are not concerned with the matter at all.

29. Over the last five financial years the Estimates for this Vote have been as follows:—

| | |
|----------------|--|
| 1956/7 | £55,000 |
| 1957/8 | £63,500 (including a Supplementary sum of £8,500) |
| 1958/9 | £61,000 (including a Supplementary sum of £6,000) |
| 1959/60 | £70,000 |
| 1960/1 | £105,000 (including a Supplementary sum of £35,000). |

30. Sub-Committee G were informed that the steady increase in the Vote, necessitating a Supplementary Estimate in nearly every year, is caused by the increasing number of foreign and Commonwealth countries, which have come into existence and by the increase in the number, frequency and size of conferences and visits of all kinds (Q. 124), rather than by a significant rise in the price or scale of entertaining (Q. 148). It was also represented that it is difficult to know how many calls upon the Government Hospitality Fund will be made in any financial year (Q. 124).

31. Because it was known at the time the main Estimate was presented that there would be three important State Visits and the Commonwealth Prime Minister's Conference, it should have been apparent that the financial year 1960/61 would be particularly heavy. Despite this, it was decided to put in the Estimate the same figure as for the previous year, "on the general ground of trying to keep the level of the Estimate down" (Q. 130). The visits may have cost more than expected, but there was enough material available to show that these big visits together with a steadily increasing number of lesser visits, all of which were likely to follow the pattern of visits of all kinds by being more expensive than similar previous ones, could not be accommodated within the sum available.

32. Your Committee consider that despite the fact that an additional £10,000 was available as a carry-over from last year, the decision to put in a figure of £70,000 was mistaken. While Your Committee have no wish to encourage over-estimating in the main Estimates, they consider that it is clearly less desirable in such cases to keep the main Estimate low and apply for a Supplementary where the necessity arises, than to make a serious attempt to obtain a realistic Estimate at the outset, and to keep within it. They appreciate that the Government Hospitality Vote lies in a field where accurate estimating is peculiarly difficult. Nevertheless the evidence of the witnesses on the practice of the Government Hospitality Fund (Q. 120-173, 699-741) has shown features which require a fuller examination than has been possible in the context of this Report. Your Committee recommend that such an enquiry be instituted.

CIVIL SUPPLEMENTARY ESTIMATES CLASS II, VOTE 5,
(COMMONWEALTH SERVICES)

AND

CIVIL SUPPLEMENTARY ESTIMATES CLASS II, VOTE 8,
(COLONIAL SERVICES)

33. The net total of the Civil Supplementary Estimates Class II, Vote 5, is £7,205,550, the original Estimate being £12,852,070 to which a further £1,053,000 was added in a Supplementary Estimate presented on 5th July, 1960. The total Supplementary provision sought during the year amounts to 64 per cent of the original total. This is the highest percentage increase in the whole of the Estimates.

34. The net total of the Civil Supplementary Estimates Class II, Vote 8, is £2,053,455, the original Estimate being £16,190,942, to which a further £4,129,940 was added in a Supplementary Estimate presented on 5th July, 1960. The total Supplementary provision sought during the year amounts to over 28 per cent of the original total.

Newly independent countries

35. About £5½ million of the total of £9·2 million in these two Supplementary Estimates has been applied for as a direct consequence of Malaya, Nigeria and Cyprus becoming independent. In years when colonial territories achieve independence Supplementary Estimates on these Votes are inevitable, as negotiations on financial matters go on up to the moment of independence and sometimes beyond.

36. The Civil Supplementary Estimates Class II, Vote 5, and Class II, Vote 8, contain Subheads which involve some corresponding savings on the Votes of other departments. The description given in Part III of the Estimates is particularly important in such cases. A case where Your Committee consider more precise information should have been given occurs in the Civil Supplementary Estimates Class II, Vote 5, Subhead Q. 1 (Federation of Malaya: Contribution in kind). In this instance an estimate of £1,313,000 is presented, and the explanation given in Part III confined to the phrase "Additional provision required". A full explanation of this item appears in the Memorandum submitted by the Commonwealth Relations Office to Sub-Committee G.* £1,283,156 of the sum was needed to reimburse the Air Ministry which in accordance with an Agreement of June, 1959, transferred to the Government of the Federation of Malaya the R.A.F. installations at Kuala Lumpur Airfield. This occurred sooner than was expected with the result that a supplementary provision was needed on the Commonwealth Services Vote. The compensating entry in the Air Ministry Vote 8 is also not apparent in the Estimates themselves, though the Ministry's second Memorandum† clarifies the position.

37. Your Committee are satisfied with the explanation of the expenditure needed on Subhead Q.1, but they consider that a brief summary of the circumstances should have appeared in Part III of the Estimate. Evidence from the Commonwealth Relations Office brought out the fact that some information had been included, but that it had been struck out by the Treasury, because it merely repeated the information in Part III of the main Estimate. Your Committee consider that a reference to Kuala Lumpur Airfield should have been substituted for the original entry. They recommend that the Treasury should ensure that an adequate amount of relevant detail appears in Part III of the Supplementary Estimates on all Subheads, especially where a large sum of money is involved.

38. On Subhead G.3 of the Civil Supplementary Estimates, Class V, Vote 8, £40,000 is required for increased pensions and compensation for officers of the Overseas Civil Service in Nigeria who retired before independence. The main reason for this is that the rates of pension and compensation could not accurately be assessed at the time the main Estimate was presented. In this case, the estimate of the numbers expected to retire seems to have been fairly accurate. On the Civil Estimates, Class II, Vote 5, however, there is a saving of over £1 million on Subhead T.1, which is attributed to the fact that fewer

* Evidence, pp. 64-67.

† Evidence, pp. 107-112.

than 200 officers of the Overseas Civil Service have retired since independence whereas about 300 were originally expected to retire (Q. 488). Your Committee appreciate that this is a difficult field for estimating, but they hope that the experience gained will enable more accurate Estimates to be compiled for similar purposes in the future.

Grants-in-Aid to Colonial Territories

39. On the Colonial Services Vote there is a gross sum of about £ $\frac{3}{4}$ million required for increased ordinary grants-in-aid to many of the territories for which the department is responsible.

40. This is another field in which accurate estimating is not easy mainly because the financial years of the territories do not correspond with the United Kingdom financial year. The system used by the Colonial Office for territories whose financial years are calendar years (which is the case with almost all territories which at present receive grants-in-aid) is to base the Estimate on a combination of three-quarters of the approved grant for the current calendar year, and on a quarter of the estimated grant for the next calendar year.

41. This system seems to work tolerably well, though it does not always make for accurate estimating. Your Committee, however, are satisfied that there are good reasons, such as the problem of crop seasons, for the arrangements of the financial years in colonial territories, even if this sometimes entails the presentation of a Supplementary Estimate.

Disasters in Colonial Territories

42. In addition to this a total of over £1 million is required on the Colonial Services Vote for special grants-in-aid, and over £ $\frac{1}{2}$ million for loans to territories which have suffered from disasters of various kinds. The bulk of the estimated expenditure is needed for Mauritius which was hit by cyclones in two successive months. In this connection it was brought out in evidence that on Subhead B.13 (The West Indies (Grant-in-Aid)) the Colonial Office had adopted the unusual practice of putting in a figure (£50,000), which represented a portion of a total sum which had not been examined in detail by the Colonial Office and the Treasury. It was explained that this was done because it was expected that payments would in fact have to be made before 1st April, whereas when a token estimate is applied for it is only in order to gain Parliamentary sanction for the expenditure in principle (Q. 581-6). Your Committee do not approve of this procedure. They consider that a token sum should be inserted in the Estimates in cases where the amount required has not been subjected to the normal process of scrutiny. If monies are required to be paid before the end of the financial year, Your Committee are of opinion that an announcement to this effect should be made in Parliament, and that the necessary sums should be advanced from the Civil Contingencies Fund. They recommend that no substantive figures should be inserted in Supplementary Estimates unless they have been subjected to the normal scrutiny by the department concerned and the Treasury.

Grants-in-Aid to High Commission Territories

43. Nearly £200,000 is required for additional grants-in-aid to the three African High Commission Territories, in which the financial years are the same as the United Kingdom financial year. In these cases different problems arise in the field of estimating, which are mainly caused by the difficulty experienced by the governments of the Protectorates in submitting accurate information in time for it to be used by the Commonwealth Relations Office before the main

Estimate has to be discussed with the Treasury. There were delays in the cases of Bechuanaland and Basutoland when the main Estimates for the current financial year were being prepared, the result being inadequately based Estimates and deficits of £30,000 and £25,000 which are partly the cause of the amounts of supplementary provision required on Subheads N.1 and N.2 of the Civil Supplementary Estimates, Class II, Vote 5.

44. Under new arrangements, Estimates from the territories will arrive before Christmas, when the governments have had an opportunity to see how accurately their estimates for the first half of the current year have turned out. On occasions where it is deemed to be helpful the Financial Secretary of the territory concerned will come to London to help in the presentation of the Estimate to the Treasury—in fact this has already happened in the case of Bechuanaland in recent months (Q. 349). Your Committee welcome these arrangements and hope they will result in more accurate estimating.

British Guiana

45. On Subhead C.1 of the Colonial Services Vote there is a requirement of £414,146 for a contribution to Army votes for the excess costs involved in keeping a company of U.K. troops in British Guiana for reasons of internal security from April, 1956 onwards, and for consequential excess costs of the H.Q. and supporting units in Jamaica. The triangular negotiations involving the Colonial Office, the War Office and the British Guiana Government seem to have been unduly protracted. Your Committee appreciate that political considerations may have been involved, but they hope that Parliament will only in exceptional circumstances be asked to sanction transfers of this kind so long after the actual expenditure has been incurred.

General

46. The total Supplementary provision required on the Commonwealth Services and Colonial Services Votes, most of which has been mentioned above, is as follows:—

| | |
|--|---------------------|
| Expenditure in Cyprus, Nigeria and Malaya | £5½ million |
| Ordinary Grants-in-Aid to Colonies | £¾ million |
| Grants and loans resulting from disasters | £1½ million |
| Grants-in-Aid to Protectorates | £¼ million |
| Military expenditure in British Guiana | £½ million |
| Miscellaneous provision | £¾ million |
| | approx. £9¼ million |

CIVIL SUPPLEMENTARY ESTIMATES, CLASS VII, VOTE 3 (PUBLIC BUILDINGS, &c., UNITED KINGDOM)

47. The Supplementary Estimate for Public Buildings etc., United Kingdom amounts to £1,215,000, the original Estimate being £32,904,000. The Supplementary Estimates of 1959/60 listed only 12 works in Subhead A.1 as against 49 this year.

48. There are four major items, two of which had appeared in the main Estimate with a token figure of £1,000 against each. These are as follows:—

| | |
|--|----------|
| British Museum: National Library Site: Acquisition... | £860,000 |
| Public Record Office: Chancery Lane: Purchase of additional land | £79,000 |

Token sums were included in the main Estimate because in the first place it was not certain that the purchases would be completed in the current financial year, and in the second place because it is not considered desirable on commercial grounds to disclose in advance what price the Ministry of Works expect to pay for any particular project. In the light of the explanations given by the Permanent Secretary Your Committee are satisfied that the right course was taken.

49. The two other major works are as follows:—

| | | | | | |
|--|-----|-----|-----|-----|----------|
| Development of Bridge Street/Parliament Street site: | | | | | |
| Acquisition of land | ... | ... | ... | ... | £401,500 |
| Southampton (purchase of new building) | ... | ... | ... | ... | £165,000 |

These two items are classed as urgent unforeseen works, but could not be accommodated within the original provision of £350,000 for such works. The Bridge Street purchase was contemplated before the beginning of the financial year, but it was far from certain that payment would be made during the course of the year. Your Committee agree that it was right not to include a token sum for this project in the main Estimate. The Southampton purchase was unexpected. Efforts to find a building to re-house Government offices which were in poor buildings had been unsuccessful, until there came a totally unforeseen offer of a new building, which was accepted. Your Committee consider that this decision was justified.

50. It was explained to Sub-Committee G that had it not been for these four large items (or possibly if it had not been for the National Library site and Bridge Street purchases) it might well not have been necessary to have a Supplementary Estimate at all, and that the remaining 45 items would not therefore have been brought to the notice of Parliament during the current financial year.

51. The Ministry of Works divided the items under Subhead A.1 into three categories (Q. 194–236), namely,

- (i) *Urgent unforeseen works.* In the event the need to list these works, of which there are 14* (including the Southampton purchase), in the Supplementary Estimate means that most of the total of £300,000 is matched by a corresponding saving on the total of £350,000 listed in the main Estimate as required for urgent unforeseen works.
- (ii) *Minor works which have turned out to cost more than £10,000.* Here again the need to list these works, of which there are 17*, means that the total of £85,700 is matched by a corresponding saving on the total of £1,350,000 in the main Estimate as required for works costing between £50 and £10,000.
- (iii) Other works, of which there are 16*, are those for which Parliamentary sanction is desirable in the current financial year so that Parliament can be said to have approved of the work in principle, enabling preliminary work to start in March, but more especially to allow it to continue from April to July or August before the passing of the Appropriation Act. In some cases this removes the necessity for the Ministry of Works to ask the Treasury to give special sanction in anticipation of Parliamentary authority.

* The three figures given add up to 47, of which one item is in both categories (i) and (ii); three of the four large works are not included.

52. Your Committee found that this explanation of the reasons which necessitate the inclusion of works in Part III of the Supplementary Estimate made the position much clearer. They recommend that, pending any changes in the general structure of the Vote, the Treasury and the Ministry of Works should separate the various works listed in Part III of the Estimate itself into these categories.

53. Your Committee do not believe that the listing of large numbers of projects in the body of the Estimates, especially when so many of them relate to comparatively minor works or appear for purely technical reasons, is conducive to effective Parliamentary control or to efficient programme planning in the Ministry of Works. They note that the multiplicity of works mentioned in the Supplementary Estimate is merely a reflection of the large number shown in the main Estimate. This is in sharp contrast to the form in which the Estimates for hospital building are presented in Class V, Vote 5 (National Health Service, England and Wales). In this case the whole expenditure is included under four separate Subheads, two each for England and Wales. The detail is reserved for an Appendix, and even in this only works whose estimated total cost exceeds £100,000 are listed by name. Your Committee understand that the general structure of the Civil Estimates Class VII, Vote 3 is being examined. They recommend that every effort should be made to complete this examination in time for your Committee to discuss the outcome in the autumn, and for the results to be incorporated in the Estimates for 1962/3.

CIVIL SUPPLEMENTARY ESTIMATES, CLASS VII, VOTE 4 (PUBLIC BUILDINGS OVERSEAS)

54. The Supplementary Estimate for Public Buildings Overseas amounts to £325,000, the original Estimate being £3,662,500, to which a further £175,000 was added in a Supplementary Estimate presented on 5th July, 1960.

55. The Supplementary Estimate now laid before the House falls partly in Category D of the Treasury Memorandum (i.e. the category which comprises mistakes in estimating), and refers to part of the additional provision required on Subhead C.1 (Furniture and Equipment—Purchases and Issues). For this Subhead an estimate for a further £225,000 is presented representing a 45 per cent increase over the original Estimate of £500,000. Three main reasons were put forward to explain this increase (Q. 491–7), namely,

- (i) Additional furniture to the value of £135,000 was required for buildings in new countries in which either the Foreign Office or the Commonwealth Relations Office had not previously had posts, such as Nigeria, the Cameroons and Somalia.
- (ii) Insufficient allowance was made for furniture required for increased staff in other Foreign Office and Commonwealth Relations Office posts.
- (iii) A programme of buying and building housing accommodation for staffs overseas (recommended as long ago as 1951* by the Select Committee on Estimates, but which had been delayed for a number of reasons) progressed more quickly than was expected, with the result that there was an increased need for furniture.

56. Your Committee believe that most of this expenditure could have been foreseen. There is no substantial supplementary requirement for the buying or erecting of the buildings in any of the three groups. It is therefore

* H.C. (1950–51) 242, Report, paragraph 15.

clear that the Department expected when the main Estimates were compiled to acquire or build them in the course of the financial year. Yet no adequate provision was made in the Estimates for appropriate furniture. The Ministry of Works witness admitted that "it is due to a lack of realisation at the time the Estimates were originally prepared of the pace at which events were overtaking us" (Q. 491) and that "we had not sufficient faith that we could get the things through as quickly as we did" (Q. 498).

57. It is apparent that the estimate for furniture was inadequately prepared, and that the Ministry submitted Estimates for supplying furniture for fewer buildings than they in fact expected to have to furnish. This points to a lack of co-ordination between different branches of the Ministry. Your Committee recommend that special attention should be paid in future to ensuring that the Estimates for new buildings are adequately reflected in the Estimate for furniture.

58. On Subhead A a further sum of £140,000 is required. This part of the Estimate was placed by the Treasury in Category C (change of circumstances). The bulk of this sum is needed for the purchase of a compound and buildings hitherto rented for the equivalent of £1,350 per annum for use by the High Commissioner in Lahore. Even though this was a temporary arrangement with the Custodian of Evacuee Property, an official of the Pakistan Government, Your Committee were surprised to learn that for a number of years the building had been occupied without lease or security of tenure. On the sudden and unexpected termination of this arrangement, it was decided that the best way out was to buy the property, since there was no alternative accommodation readily available. Your Committee accept the need for this Supplementary provision, but they took no evidence on the amount which was paid for the buildings.

TOKEN SUMS

59. In these Supplementary Estimates there are many examples of the practice of using token votes to secure Parliamentary sanction for various purposes. In some cases the total of expenditure likely to be incurred under these headings is recorded, whereas in others it is not. Your Committee accept the need for such token votes, but they believe that an attempt should be made in all cases to inform Parliament of the total amount of expenditure likely to be incurred. They recommend that the Treasury should give urgent consideration to the problem of setting out the total contingent liability, so that Parliament may consider the implications when the token votes are considered.

INTER-DEPARTMENTAL PAYMENTS

60. In certain of the Votes in the Supplementary Estimates items appear which consist of transactions between two or more departments. An example of this has already been mentioned in paragraphs 36 and 37 in another context. Again in the Civil Estimates, Class II, Vote 5, Federation of Nigeria, Contribution in Kind, there appears a subhead (T.7) which amounts to £1,084,014 and consists of payment by the Commonwealth Relations Office to the War Office for defence stores, which were handed over to the Federal Government by the United Kingdom in 1958. Part of this sum reappears as a saving in the Appropriations-in-Aid of the Army Estimates, but the figure of £1,084,014 does not indicate spending by the Government at all. Your Committee feel, therefore, that such payments as this come into a special category, and should be kept distinct from the rest of the Vote in each case. They consider that the

practice should be adopted of including a separate Subhead with a letter common to any vote which includes such payments. Your Committee realise that in certain cases this will involve dividing a Subhead, but they are of the opinion that the result would be to give a clearer picture of the Estimate. They therefore recommend that the Treasury should give further consideration to this suggestion.

GENERAL

61. This is the first time that Your Committee have been asked to investigate Supplementary Estimates. Because the Report, if it is to be of any value, must be presented to Parliament before the Estimates are approved, there is not enough time for Your Committee to make an exhaustive examination of even some of the votes and so to make specific proposals for economy.

62. They have, however, put forward recommendations designed to clarify the Supplementary Estimates and so to aid Parliamentary control. In addition they have recommended studies by the Treasury in consultation with other Departments to improve the form in which the Supplementary Estimates are presented and facilitate the scrutiny of them by Your Committee in future years.

SUMMARY OF RECOMMENDATIONS

63. The recommendations of your Committee are, in brief, as follows:—

(1) Staff increases of more than 2 per cent should be mentioned in Part III of Supplementary Estimates (paragraph 11).

(2) Further study should be given by the Treasury and the Service Departments to the system of dividing the Supplementary Estimates into categories. The results of such study should be communicated to Your Committee in time for an improved formula to be drafted for use in the Memoranda covering next February's Supplementary Estimates (paragraph 17).

(3) The system and operation of the Government Hospitality Fund should be the subject of an Inquiry (paragraph 32).

(4) An adequate amount of relevant detail should appear in Part III of the Supplementary Estimates, especially where large sums of money are involved (paragraph 37).

(5) No substantive figures should be inserted in Supplementary Estimates which have not been subjected to the normal scrutiny by the department concerned and the Treasury (paragraph 42).

(6) Pending changes in the general structure of Class VII, Vote 3 of the Civil Estimates, the works listed should be arranged in categories in Part III of the Supplementary Estimate (paragraph 52).

(7) Efforts should be made to complete the examination of the form of the Estimate in Class VII, Vote 3 of the Civil Estimates in time for your Committee to discuss the outcome in the autumn, and for the results to be incorporated in the Estimates for 1962/3 (paragraph 53).

(8) The Estimates for public buildings overseas should be adequately reflected in the Estimates for furniture (paragraph 57).

(9) Urgent consideration should be given by the Treasury to the problem of setting out the total contingent liability in cases where token sums appear in Estimates (paragraph 59).

(10) Consideration should be given to the desirability of having a separate Subhead for payments which are transactions between two or more departments (paragraph 60).

1st March, 1961.

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MINUTES OF EVIDENCE TAKEN BEFORE
THE ESTIMATES COMMITTEE
(SUB-COMMITTEE G)

21

WEDNESDAY, 7TH DECEMBER, 1960.

Members present:

Sir Spencer Summers, in the Chair.

Mr. Boyden.
Mr. Eden.
Mr. Marsh.

Mr. Leslie Thomas.
Mr. Thorpe.
Mr. Turton.

Mr. R. W. B. CLARKE, C.B., O.B.E., a Third Secretary, and Mr. B. M. THIMONT, a Principal (Estimate Clerk), Treasury, called in and examined.

Chairman.

1. Perhaps for the purposes of the record, Mr. Clarke, you would indicate your position in the Treasury?—(Mr. Clarke.) I am a Third Secretary in the Treasury, I have a number of Divisions in the Treasury under me covering a wide range of expenditures, I am the Liaison Officer with the Select Committee on Estimates, and I have some general responsibility over the whole range of expenditure matters. Mr. Thimont is Estimate Clerk in the Treasury whose job it is to receive the Estimates in from the Departments and to submit them to the Financial Secretary.

2. The Committee have considered the essence of a paper* you prepared earlier this year outlining the four categories into which it is suggested the Supplementaries should be placed. Could you tell the Committee to what extent, in practice, you may find difficulty in deciding whether the Supplementaries should be in Categories B, C or D, because Category A is self-evident? Category A are the token Estimates; B are those relating to policy; C are those relating to expenditure on salaries; and D are the rest?—These are different categories A, B, C and D to the ones I had, Sir. We have been giving some more thought to this question since we sent in the memorandum containing these, and I would like to say, to begin with, that we, of course, shall be delighted to do everything we can to help the Committee. The first category of token Estimates is quite straight-forward. For the substantive Estimates, we should now prefer to divide them into four classes to which

we could work (subject to a certain amount of "fluffiness" between them). The first one is the Estimates required to meet rises in costs—pay increases and that sort of thing. That class can always be readily identified, it will almost invariably appear quite straight-forwardly on the face of the Estimate and I would not expect any difficulty in classifying this particular group; and, of course, this is a very large proportion of the total number of Supplementaries. The second class that we would take would be Estimates which are required to meet the needs of policy developments, that is to say, where changes of policy have taken place in the year. Supposing, for example, as a result of the independence of Cyprus or something of that sort, expenditure falls to be met during the year, the Supplementary is in this class. This again, we would think, would be pretty clearly definable and recognisable on the face of it. Then we get into the rather more difficult territory, so to speak, and the next class that we would suggest would be Estimates which are required to meet deficiencies on original Votes due to changes in circumstances other than rises in costs, but changes in circumstances which were not of a policy nature. Now, there was a case last year, for example, of an unforeseen increase in the incidence of fowl pest, and therefore expenditure flowed from that. Again, in another year the cost of agricultural subsidies might rise because the circumstances (the harvest and so on) had changed from the basis of the original Estimate. These are changes in circumstances, not of a policy nature. And the fourth class we would suggest would be Estimates which

* See Appendix 1, p. 136.

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were required not because there has been any change in the situation objectively, but because the original Estimate was wrong. These are, apart from the token Votes, the four categories; the first one being rises in costs—clear and recognisable rises in costs; the second one being policy developments—clear policy developments; the third one being changes in circumstances not of a policy nature; and the fourth one being mistakes in estimating.

3. Leaving aside for the moment the rises in costs and the policy categories, is it not to be supposed that any Department would wish its Supplementary to be put in the changes of circumstances category rather than in the wrong estimating category, and it may well be that those changes in circumstances ought to have been foreseen?—I think this would be a perfectly legitimate question to put in a particular case.

4. Subject to any questions the Committee may put, I would regard it as difficult for us to say that a Supplementary relating solely to changes in circumstances can for that reason without examination be ignored, because they might well be circumstances which can be foreseen?—We would not suggest that that particular category should not be examined by the Committee.

Chairman.] I think it would be helpful to the Committee if the Supplementaries were put in D and E rather than lumping D and E together.

Mr. Thorpe.] I am not quite clear that we have a Category E.

Chairman.

5. I am sorry. I took Category A to be the token Estimates; B, rises in costs; C, policy; D, changes in circumstances; and E, wrong estimating?—I should have thought, on the whole, that the cases which were faulty estimating would often be quite obviously so. If the Department was wanting to argue the point, it would come in D, which would include cases in which there was a legitimate question whether certain things ought to have been foreseen which were not foreseen.

6. Assuming that your memorandum will place them in the categories you have described, I take it you would say why you had decided to put a Supplementary into the changed circumstances

category rather than in the wrong estimating category?—Yes.

7. And the Committee would have to judge, in the light of your comments and cross-examination, whether we were satisfied to leave it at that or wished to go further?—Yes.

Mr. Turton.

8. I suppose a particular Departmental Supplementary Estimate would be, again, possibly divided in a number of these categories?—It could be. One Supplementary Estimate on one particular Vote could, of course, cover a number of these, certainly.

9. So it would be your intention to subdivide each Departmental Supplementary on these lines?—If this could be done; if not, we would have to say "This particular one could not be done in this way", and it would have to be considered on its merits.

10. Taking the recent Supplementary Estimates that were circulated on the 14th November, am I right in thinking that the whole of those Supplementary Estimates would have come into your first category?—Yes.

Chairman.

11. Can we take it that Supplementaries consequent upon rises in costs, which presumably include not merely wages and salaries but materials as well, are inescapable?—I think they are inescapable, if a wage agreement is reached.

12. I am thinking of the materials side?—On the materials side, if the price of materials goes up, then I think the extra cost is inescapable, unless of course the price of materials has gone up to such a degree that it raises the question as to whether the particular purpose for which they are used is any longer worth while.

Mr. Boyden.] Does there not come a point with materials where alternatives should be used, because of the increase in price?

Chairman.

13. It is suggested that Supplementaries in that category should be looked at, but the chances are that the ones in the other category will be more prone

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[Continued.]

to give us value for time spent I would think. In your study of this matter, have you come across any points on which you would like guidance from the Committee?—I do not think so, Sir, at this stage. What we envisage including in a memorandum would be first of all a commentary on the Supplementaries as a whole, putting them in the context of the Estimates for the whole year, and showing (if, for example, it is £50 millions) how much that is in relation to, say, £5,000 millions. Then we would go on to describe and to classify them, and then—

14. I think the Committee would be much more interested to hear the relation of the Supplementary to the Department concerned, rather than to the total Budget expenditure?—Oh, yes. I thought we would say what the total of the Supplementaries was in relation to the total budgetary expenditure in the first place, and then describe the Supplementaries and put them into these classes that we have been discussing, and then go on and have a commentary on them, showing what the reason was for the Supplementaries in each case, and how it fits into the Departmental picture. That was the sort of document we thought would be perhaps most helpful to the Committee, and one which, we would hope, would enable the Committee to pick out which were the cases you wished to examine further.

15. Do you think that your study of the data, that will have taken place before we ever see it, would help you to prevent us wasting time on a Supplementary that really ought not to be looked at at all?—I would hope that it would; but at the same time I think we have to consider the position *vis-à-vis* each Department. We would not want to be in the position of having to say which we thought you ought to consider and which we thought you ought not to consider. I think that would put us in a difficult position with the Departments. We would want the responsibility put on your shoulders as to which cases you thought it proper to examine, but we would set it out in a way which we would hope would be useful from your point of view in taking a decision.

Mr. Eden.

16. I can see Mr. Clarke's point about the other Departments, but accepting, of

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course, that this Committee will have to take the responsibility for wherever a particular Estimate finished up, would you normally think that you were able to say with a fair degree of confidence that it would be unlikely that many Estimates would be in the wrong category? That is something of a leading question, but what I am trying to get at is this. Would you be in a position to suggest that, the responsibility being taken by this Committee, you would be rather surprised to find the Committee producing surprising changes in your list?—I think I should be surprised at that, because the classification that we would be providing for the Committee would be a factual classification.

Chairman.

17. You mean, not very much freedom for judgment as between categories?—Not very much freedom for judgment as between categories. If there were freedom for judgment, then we would put it forward as one which had freedom for judgment. If we felt it was a doubtful case, we would not plump for putting it in any one.

18. When the memorandum comes, if you have come across any serious difficulty in deciding into which one it should go, would it be helpful to have it recorded that it had been so?—Yes.

Mr. Turton.

19. Last January there were 61 Supplementary Estimates submitted. I think I am right in saying that you put 34 into your first category?—Yes.

20. And 17 were in the second category?—Yes.

21. I would like to know, of the remaining 10, how many were in your third category, the unforeseen nature of the circumstances; and how many were in your last category, where the Department had got the Estimate wrong?—(Mr. Thimont.) I think, speaking from memory, that 2 would be in the last category, where it was faulty estimating, simply because they had forgotten or omitted to make provision.

22. And 8 would have been in the other category?—(Mr. Clarke.) I think we might also take the view that perhaps (we did this very hurriedly on the

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[Continued.]

pur of the moment) we might find, if we were really carrying this out, that some that we put in the 17 or the 34 might turn out to be in one of the other categories on examination.

Chairman.

23. How long will you have to do this exercise?—We get the Supplementary Estimates in by the 1st January, and you would have your paper, we hope, by the 26th January (I think that is our target date), and during that period the divisions of the Treasury are examining the Supplementaries, and then we are presenting them to the Financial Secretary. And while that is going on, we incorporate in the memorandum the results of the examination that we have carried out.

Mr. Thorpe.

24. Excepting that a particular Estimate may involve apportionment as between one classification and another, do I take it that the occasions on which there is uncertainty as to the particular classification for a particular Vote are extremely rare; that is to say, you would seldom be in doubt as to which classification or classifications a particular Supplementary Estimate should be put into?—(Mr. Thimont.) I would say it was rare, because we would see from the details which came in with the Estimates, in practically all cases, into which category it should fall. But if there were any doubt, then we would make a note to the effect that we had had some difficulty about it.

Mr. Eden.

25. Could you give an illustration of the sort of mistake in forecasting which arose in these two cases which I think you referred to?—The kind of mistake which might arise would be where a Department had been told to extend a particular service during the coming financial year which would involve additional expenditure on staff, but they had not made provision in the Estimate for additional expenditure on the staff. So that when they came to undertake the service which had been agreed upon, they would have to seek supplementary provision in order to meet the salaries of the additional staff required.

26. By and large, I take it, mistakes in forecasting do not represent in monetary

terms a substantial amount?—Very small. One that springs to my mind was something like £10,000.

Chairman.

27. Do you get many instances where a large building programme is projected ahead and the rate of progress is greater—or usually smaller than their forecast, so that there is a heavy over-provision as compared with performance?—Certain items of the programme might go ahead more quickly than the others, and there might be a shift of expenditure as between items. I cannot recall a whole programme going seriously wrong.—(Mr. Clarke.) They will tend to be behind the Estimates.

28. In which case there is no Supplementary. You can have very faulty estimating but no Supplementary?—Supplementaries do not catch all the faulty estimating by any means.—(Mr. Thimont.) Token Supplementaries will catch most faulty estimating, because you will there have a reallocation of voted moneys between the various services.

Chairman.

29. Are there any other points that any Member would like to raise?—(Mr. Clarke.) I think perhaps I should make clear for the record the fact that our responsibilities in this matter—the Financial Secretary's responsibilities for Estimates—only cover the Civil Departments; they do not cover the Estimates of the Service Departments which are submitted by the Service Departments themselves to Parliament, not via the Financial Secretary. I do not think, from the point of view of this Committee, that this should cause any difficulty, but if there are Supplementaries by the three Service Departments and the Ministry of Defence, they will have to appear themselves to consider them, and they will not be dealt with in our memorandum.

Mr. Turton.

30. Although you are not entirely responsible for them, yet you are aware of them, because surely they have to come to the Treasury for approval?—

7 December, 1960.] Mr. R. W. B. CLARKE, C.B., O.B.E.,
and Mr. B. M. THIMONT.

[Continued.]

They come to us, we are aware of them, but we are not responsible for presenting them to Parliament.

31. Surely, if you are aware of them, you would be able to give your analysis by categories, because they have to be approved by the Financial Secretary, surely?—(Mr. *Thimont*.) I think they are approved by the Treasury.

32. I beg your pardon—they are approved by the Treasury?—But not presented by the Financial Secretary. Supplementary Estimates presented by the Service Departments always contain an Explanatory Memorandum showing broadly the details of the Supplementary Estimate probably on the same sort of lines as we envisage in our memorandum. So that when they come to you in proof copy you will have a ready-made commentary on the particular Supplementary Estimate, which I believe the Service Departments would probably amplify if so desired.

Mr. *Turton*.] I am trying to work within a very short compass of time, and if on that first day we have not merely to take evidence from you, Mr. Clarke, because you are the Liaison Officer to the Committee, but also have to go to the three Service Departments, with the attitude that they take up, then it is going to exhaust a great deal of time. Is there any way in which you could help us over this?

Chairman.

33. Is there any reason why the comments on the Service Estimates should not be used by you, to put them in the categories alongside the other ones?—I think it should be clear that a Service Department's Estimate will not fall into any one category; indeed, it will probably straddle three or four of the categories, and I think that would be evident itself from the explanatory note which would be attached to the Estimate. In the Civil and Revenue field we are dealing probably with a large number of Supplementary Estimates; in the Service Department field we are only dealing with a maximum of four.

Mr. *Turton*.] Taking the example of the National Health Services, England

and Wales, which was a very large Supplementary Estimate of some £23 millions, that equally, I imagine, would fall into more than one of your four categories?

Chairman.

34. But another point arises here: are the Service Supplementaries produced at the same time as the Civil Departments' Supplementaries?—I am assured that you will get your proof copies on the same date as the Civil ones will be available, that is, about the 26th January.

Mr. *Thorpe*.] If the Service Supplementary Estimates do in fact overlap to a greater extent than the Civil Supplementary Estimates, surely is that not all the more reason why they should go through this Civil process, not merely the classification, but to show the cases where there is a doubt as to the relative apportionment between the classifications? Surely it is more important to have this classification in the case of the Service Departments than in the case of the Civil Departments?

Chairman.

35. Is there any technical reason why you should not treat those Estimates for classification purposes in the same way as you treat the others?—(Mr. *Clarke*.) They cover a wider range, in general. (Mr. *Thimont*.) They cover a very much wider range. If we merely said in our memorandum that this Estimate by this particular Service Department fell into three or four categories, I do not think it would be very helpful to the Committee. What would, I think, be more helpful to the Committee would be an accompanying memorandum which would show the Committee the details of the Estimate. We could do no more than point out difficulties which the Committee themselves would be immediately aware of, and which we hope would be resolved by the memorandum accompanying the Estimate.

Chairman.] Is there any scope for the Service people doing the same screening process?

Mr. *Turton*.

36. If we asked them to, I am sure that they would, but I do appreciate Mr.

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[Continued.]

Clarke's difficulties, because the Service Departments (I think, the Admiralty) have their own views on the control of finance. I do not know if there is any way in which you can think this matter over and help us in carrying out this work on this memorandum, so as to save the time of this Estimates Sub-Committee?—(Mr. Clarke.) We will certainly think what we can do, but I think the important point is that they should put in their memorandum which introduces their Supplementary Estimates the sort of information that you will be requiring to have. If they produce a memorandum, it seems to me, which covers the ground, then you are in no worse position than you are on the Civil Estimates. I think this is really a point that we ought to try to examine with them, to make sure that you get the right sort of memorandum.

Chairman.

37. We expect that the first job we shall do is to cross-examine you on the allocation of the Estimates, in so far as that is necessary. It would be simpler if your territory included the Service Estimates for that purpose rather than starting all over afresh with the Service Departments' witnesses, and we would like to try to confine that exercise to half a sitting?—Could we think a little more about this? On what we might call the formal position, I do not think I can go further than I have gone on this, because, as the Chairman of the Estimates Committee says, the Service Departments are rather jealous of their rights in this regard, but I think we could work out what the best form of procedure is, to see that the Committee is able to carry out their task expeditiously.

38. Yes—bearing in mind that we hope to get on to the Departments whose Supplementaries we shall be concerned with half way through the first sitting?—Yes.

Mr. Turton.

39. Looking at the Public Accounts Committee's work, does the Treasury Minute to the Public Accounts Committee cover the Service Estimates?—Yes, it does.

40. So, if the Treasury Minute covers the Service accounts in the Public Accounts Committee, is there any reason

why the Treasury Memorandum to the Estimates Committee should not cover the Service Estimates?—We are dealing with Estimates, and on Estimates now the constitutional responsibility is different from what it is with the Accounts; the position of the Treasury on one side is different from the position of the Treasury on the other side; and if you ask me why that is, then I would have to go back over the last century.

Mr. Marsh.

41. I think the practical point is that, unless we can streamline this to some extent, we cannot do the job at all. Is there any particular reason why the Service Memorandum cannot be produced at the same time as the Treasury Memorandum, and cannot you be accompanied by somebody, when you come to answer questions on this, who can take the responsibility for the Service Departments?—I would say, on the question of timing, that this could certainly be the same, and I would myself have thought that the question of having a discussion on the Service Estimates and on the Civil at the same time ought to be possible when you are looking at the whole field. That depends on how the Service Estimates come in in any one year. For example, there might be only one important one, and then you would not really need to have any general examination. If it were the Admiralty's case, the Admiralty would come in in the ordinary way. In another case, there might be several important things in which it was desirable to consider them together. But we would like to explore that with them.

Mr. Turton.

42. It might be possible for you to present a joint memorandum with the Service Departments, might it not?—That is a matter to be considered, but I doubt whether one could go as far as that, because if one does want a joint memorandum, then it has to be agreed, and so on, and this takes time.

Mr. Eden.

43. Would it ever be possible for the Service Departments, in presenting their Supplementary Estimates, to give a much more expanded memorandum, to provide us in some considerable detail with the sort of information regarding their

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and Mr. B. M. THIMONT.

[Continued.]

Supplementary Estimates which in fact you will be providing in your own memorandum; and would it thereafter be possible, were there any clear differences or points with which we did not quite agree in this Committee, for the particular Service Department to be called before us on the same day that you were here?—I should certainly have thought that there would be no difficulty about them giving you the same sort of information as you will be getting from us.

Chairman.

44. I think a lot of these questions can only be answered with confidence after consultation with the Service Departments, and I think it would be wiser to leave it where it is and ask Mr. Clarke to confer with them, and perhaps you will communicate with the Committee Clerk as to the outcome of your talks?—Yes, I would be glad to do that, Sir.

Chairman.] Thank you very much indeed.

MONDAY, 30TH JANUARY, 1961.

Members present:

Sir Spencer Summers in the Chair.

Mr. du Cann.
Mr Eden

Mr. Leslie Thomas.
Mr. Thorpe.

Memorandum submitted by the Treasury.

SPRING SUPPLEMENTARY ESTIMATES FOR THE
CIVIL AND REVENUE DEPARTMENTS, 1961

Supplementary Estimates for the Civil and Revenue Departments to be presented to Parliament on 7th February, will number 89 and total some £74 million. Of these, 76 are for substantive Supply; the remainder are token Estimates. Of the total supplementary provision sought, about half is attributable to risen costs (see paragraph 6).

2. Token supplementary Estimates are generally presented in order to obtain Parliamentary approval for one or more of the following.

- (a) A re-allocation between Subheads of monies already voted;
- (b) the introduction of a new service on which there is likely to be no substantive expenditure in the current financial year or on which any expenditure can be met from savings within the Vote; and
- (c) the application of receipts additional to those authorised in the original Vote to be appropriated in aid.

3. Estimates for 1960–61 in respect of the Civil and Revenue Departments have already been presented as follows:

| | £ million |
|---|-----------|
| Original Budget Estimates | 3,817 |
| Revised Estimates and Summer Supplementary Estimates (May/July 1960) | 106 |
| Autumn Supplementary Estimates (November 1960) | 43 |
| | 3,966 |

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[Continued.]

4. The Treasury estimate that there will be savings on the majority of those Estimates for which no supplementary provision is currently sought. Although it is not possible to quantify accurately at this point in time the amount of the under-spending in prospect, it is likely to be fairly substantial and to go a long way towards offsetting the additional Supply now being sought.

5. In the financial year 1959–60 the Spring Civil Supplementary Estimates totalled £78 million in the light of original Budget Estimates amounting to £3,564 million.

6. In Appendix A to this memorandum the supplementary Estimates have been classified under the following categories within the two groups, i.e. those Estimates seeking substantive provision and those of a token nature.

- (A) Estimates required to meet risen costs;
- (B) Estimates required to meet the needs of policy developments;
- (C) Estimates required to meet deficiencies on original Votes due to changes in circumstances (other than risen costs) not of a policy nature; and
- (D) Estimates required to correct faulty original estimating.

A large number of the supplementary Estimates fall into more than one category and they have been shewn accordingly in the Appendix.

7. Appendix B sets out in note form the principal reasons for the individual supplementary Estimates within the two groups referred to above.

8. Estimates within the groups and categories in both Appendices appear in Class and Vote order.

Treasury Chambers,
Great George Street,
London, S.W.1.
26th January, 1961

APPENDIX A

SUBSTANTIVE SUPPLEMENTARY ESTIMATES

| <i>Category A</i> | | | | | | | |
|---|-----|-----|-----|-----|-----|-----|-------------------|
| House of Lords | ... | ... | ... | ... | ... | ... | Class I Vote 1 |
| House of Commons | ... | ... | ... | ... | ... | ... | Class I Vote 2 |
| Treasury and Subordinate Departments | ... | ... | ... | ... | ... | ... | Class I Vote 4 |
| Charity Commission | ... | ... | ... | ... | ... | ... | Class I Vote 7 |
| Crown Estate Office | ... | ... | ... | ... | ... | ... | Class I Vote 9 |
| Exchequer and Audit Department | ... | ... | ... | ... | ... | ... | Class I Vote 10 |
| National Savings Committee | ... | ... | ... | ... | ... | ... | Class I Vote 16 |
| Public Record Office | ... | ... | ... | ... | ... | ... | Class I Vote 17 |
| Royal Commissions, etc. | ... | ... | ... | ... | ... | ... | Class I Vote 19 |
| Scottish Record Office | ... | ... | ... | ... | ... | ... | Class I Vote 23 |
| Colonial Office | ... | ... | ... | ... | ... | ... | Class II Vote 7 |
| Police, England and Wales | ... | ... | ... | ... | ... | ... | Class III Vote 3 |
| Supreme Court of Judicature, etc. | ... | ... | ... | ... | ... | ... | Class III Vote 7 |
| Law Charges | ... | ... | ... | ... | ... | ... | Class III Vote 12 |
| Police, Scotland | ... | ... | ... | ... | ... | ... | Class III Vote 15 |
| Supreme Court of Judicature, etc., Northern Ireland | ... | ... | ... | ... | ... | ... | Class III Vote 21 |
| British Museum | ... | ... | ... | ... | ... | ... | Class IV Vote 2 |
| British Museum (Natural History) | ... | ... | ... | ... | ... | ... | Class IV Vote 3 |
| Imperial War Museum | ... | ... | ... | ... | ... | ... | Class IV Vote 4 |
| London Museum | ... | ... | ... | ... | ... | ... | Class IV Vote 5 |
| National Maritime Museum | ... | ... | ... | ... | ... | ... | Class IV Vote 8 |
| National Portrait Gallery | ... | ... | ... | ... | ... | ... | Class IV Vote 9 |
| Wallace Collection | ... | ... | ... | ... | ... | ... | Class IV Vote 10 |
| National Library of Scotland | ... | ... | ... | ... | ... | ... | Class IV Vote 17 |

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[Continued.]

| | | | | | | |
|---|-----|-----|-----|-----|-----|--------------------|
| Medical Research Council | ... | ... | ... | ... | ... | Class V Vote 6 |
| War Damage Commission | ... | ... | ... | ... | ... | Class V Vote 8 |
| Board of Trade | ... | ... | ... | ... | ... | Class VI Vote 1 |
| Royal Parks and Pleasure Gardens | ... | ... | ... | ... | ... | Class VII Vote 6 |
| Ministry of Agriculture, Fisheries and Food | ... | ... | ... | ... | ... | Class VIII Vote 1 |
| Surveys of Great Britain, etc. | ... | ... | ... | ... | ... | Class VIII Vote 6 |
| Agricultural Research Council | ... | ... | ... | ... | ... | Class VIII Vote 7 |
| Forestry Commission | ... | ... | ... | ... | ... | Class VIII Vote 10 |
| Ministry of Transport | ... | ... | ... | ... | ... | Class IX Vote 1 |
| Customs and Excise | ... | ... | ... | ... | ... | Rev. 1 |
| Inland Revenue | ... | ... | ... | ... | ... | Rev. 2 |
| <i>Category B</i> | | | | | | |
| Grants for Science and the Arts | ... | ... | ... | ... | ... | Class IV Vote 11 |
| <i>Category C</i> | | | | | | |
| Friendly Societies Registry... | ... | ... | ... | ... | ... | Class I Vote 11 |
| Government Hospitality Fund | ... | ... | ... | ... | ... | Class I Vote 13 |
| National Galleries of Scotland | ... | ... | ... | ... | ... | Class IV Vote 15 |
| Exchequer Grants to Local Revenues, England and Wales | ... | ... | ... | ... | ... | Class V Vote 3 |
| Board of Trade (Former Strategic Stocks) | ... | ... | ... | ... | ... | Class VI Vote 3 |
| Agricultural and Food Grants and Subsidies | ... | ... | ... | ... | ... | Class VIII Vote 2 |
| Agricultural and Food Services | ... | ... | ... | ... | ... | Class VIII Vote 3 |
| Fishery Grants and Services | ... | ... | ... | ... | ... | Class VIII Vote 5 |
| Department of Agriculture and Fisheries for Scotland | ... | ... | ... | ... | ... | Class VIII Vote 11 |
| National Insurance and Family Allowances | ... | ... | ... | ... | ... | Class X Vote 4 |
| <i>Category D</i> | | | | | | |
| Exchequer Grants to Local Revenues, Scotland | ... | ... | ... | ... | ... | Class V Vote 12 |
| <i>Categories A & B</i> | | | | | | |
| Home Office | ... | ... | ... | ... | ... | Class III Vote 1 |
| Ministry of Housing and Local Government | ... | ... | ... | ... | ... | Class V Vote 1 |
| Ministry of Power | ... | ... | ... | ... | ... | Class IX Vote 4 |
| <i>Categories A, B and C</i> | | | | | | |
| Department of Health for Scotland | ... | ... | ... | ... | ... | Class V Vote 9 |
| Ministry of Works | ... | ... | ... | ... | ... | Class VII Vote 1 |
| <i>Categories A and C</i> | | | | | | |
| Scottish Home Department | ... | ... | ... | ... | ... | Class I Vote 22 |
| Foreign Service | ... | ... | ... | ... | ... | Class II Vote 1 |
| Commonwealth Relations Office | ... | ... | ... | ... | ... | Class II Vote 4 |
| Child Care, England and Wales | ... | ... | ... | ... | ... | Class III Vote 5 |
| County Courts | ... | ... | ... | ... | ... | Class III Vote 8 |
| Law Charges and Courts of Law, Scotland | ... | ... | ... | ... | ... | Class III Vote 19 |
| National Gallery | ... | ... | ... | ... | ... | Class IV Vote 6 |
| Tate Gallery | ... | ... | ... | ... | ... | Class IV Vote 7 |
| National Museum of Antiquities, Scotland | ... | ... | ... | ... | ... | Class IV Vote 16 |
| Ministry of Health | ... | ... | ... | ... | ... | Class V Vote 4 |
| National Health Service, England and Wales | ... | ... | ... | ... | ... | Class V Vote 5 |
| Ministry of Labour | ... | ... | ... | ... | ... | Class VI Vote 8 |
| Stationery and Printing | ... | ... | ... | ... | ... | Class VII Vote 9 |
| Office of the Minister for Science | ... | ... | ... | ... | ... | Class IX Vote 6 |
| Department of Scientific and Industrial Research | ... | ... | ... | ... | ... | Class IX Vote 8 |

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[Continued.]

| | |
|---|-------------------|
| War Pensions, etc. | Class X Vote 3 |
| National Assistance Board... .. | Class X Vote 5 |
| Post Office | Rev. 3 |
| <i>Categories B and C</i> | |
| Civil Service Commission | Class I Vote 8 |
| Foreign Office Grants and Services | Class II Vote 2 |
| Commonwealth Services | Class II Vote 5 |
| Colonial Services | Class II Vote 8 |
| Public Buildings etc., United Kingdom | Class VII Vote 3 |
| <i>Categories C and D</i> | |
| Public Buildings Overseas | Class VII Vote 4 |
| TOKEN SUPPLEMENTARY ESTIMATES | |
| <i>Category A</i> | |
| Privy Council Office | Class I Vote 5 |
| Government Actuary | Class I Vote 12 |
| Public Trustee | Class III Vote 11 |
| <i>Category B</i> | |
| Scottish Home Department (Civil Defence Services) | Class III Vote 14 |
| <i>Categories A, B and C</i> | |
| Ministry of Pensions and National Insurance | Class X Vote 2 |
| <i>Categories A and C</i> | |
| Carlisle State Management District | Class III Vote 6 |
| State Management Districts, Scotland | Class III Vote 18 |
| Department of the Registers of Scotland | Class III Vote 20 |
| Ministry of Education | Class IV Vote 1 |
| National Health Service, Scotland | Class V Vote 10 |
| Export Credits | Class VI Vote 6 |
| <i>Categories B and C</i> | |
| Board of Trade (Assistance to Industry and Trading Services) | Class VI Vote 2 |
| Transport (Shipping and Special Services) | Class IX Vote 3 |

APPENDIX B

SUBSTANTIVE SUPPLEMENTARY ESTIMATES

House of Lords (Class I, Vote 1)

| | | | | | | | | | |
|-----|----------------|-----|-----|-----|-----|-----|-----|---|-----------------|
| (A) | Already voted | ... | ... | ... | ... | ... | ... | £ | 226,046 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | | 10,687 |
| | Total | ... | ... | ... | ... | ... | ... | | <u>£236,733</u> |

Supplementary provision required on account of increases in remuneration.

House of Commons (Class I, Vote 2)

| | | | | | | | | | |
|-----|----------------|-----|-----|-----|-----|-----|-----|--|-------------------|
| (A) | Already voted | ... | ... | ... | ... | ... | ... | | 1,558,015 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | | 39,485 |
| | Total | ... | ... | ... | ... | ... | ... | | <u>£1,597,500</u> |

Supplementary provision required on account of increases in remuneration.

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[Continued.]

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|------------|
| <i>Treasury and Subordinate Departments (Class I, Vote 4)</i> | | | | | | | | £ |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 3,708,360 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 145,000 |
| | Total | ... | ... | ... | ... | ... | ... | £3,853,360 |
| Supplementary provision required on account of increases in remuneration. | | | | | | | | |
| <i>Charity Commission (Class I, Vote 7)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 149,364 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 12,600 |
| | Total | ... | ... | ... | ... | ... | ... | £161,964 |
| Supplementary provision required on account of increases in remuneration and additional staff. | | | | | | | | |
| <i>Civil Service Commission (Class I, Vote 8)</i> | | | | | | | | |
| (B & C) | Already voted | ... | ... | ... | ... | ... | ... | 591,185 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 9,030 |
| | Total | ... | ... | ... | ... | ... | ... | £600,215 |
| Supplementary provision required on account of higher than expected number of candidates requiring medical examination and the decision to abolish candidates' fees. | | | | | | | | |
| <i>Crown Estate Office (Class I, Vote 9)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 155,584 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 1,982 |
| | Total | ... | ... | ... | ... | ... | ... | £157,566 |
| Supplementary provision required on account of increases in remuneration. | | | | | | | | |
| <i>Exchequer and Audit Department (Class I, Vote 10)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 573,931 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 98,000 |
| | Total | ... | ... | ... | ... | ... | ... | £671,931 |
| Supplementary provision required on account of increases in remuneration. | | | | | | | | |
| <i>Friendly Societies Registry (Class I, Vote 11)</i> | | | | | | | | |
| (C) | Already voted | ... | ... | ... | ... | ... | ... | 99,121 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 6,340 |
| | Total | ... | ... | ... | ... | ... | ... | £105,461 |
| Supplementary provision required to meet the effect of a shortfall on appropriations in aid due to the non-realisation in 1960-61 of certain recoveries in connection with an investigation. | | | | | | | | |
| <i>Government Hospitality Fund (Class I, Vote 13)</i> | | | | | | | | |
| (C) | Already voted | ... | ... | ... | ... | ... | ... | 70,000 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 35,000 |
| | Total | ... | ... | ... | ... | ... | ... | £105,000 |
| Supplementary provision required to meet unforeseen expenditure on conferences, and on the entertainment and hotel accommodation for Government and Government sponsored guests. | | | | | | | | |

| 30 January, 1961.] | | | | | | | | [Continued.] |
|---|----------------|-----|-----|-----|-----|-----|-----|--------------------|
| | | | | | | | | £ |
| <i>National Savings Committee (Class I, Vote 16)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 1,309,315 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 20,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£1,329,315</u> |
| Supplementary provision required on account of increases in remuneration. | | | | | | | | |
| <i>Public Record Office (Class I, Vote 17)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 144,194 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 16,187 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£160,381</u> |
| Supplementary provision required on account of increases in remuneration. | | | | | | | | |
| <i>Royal Commissions, etc. (Class I, Vote 19)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 312,000 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 21,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£333,000</u> |
| Supplementary provision required on account of increases in remuneration. | | | | | | | | |
| <i>Scottish Home Department (Class I, Vote 22)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 1,223,495 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 72,700 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£1,296,195</u> |
| Supplementary provision required on account of:— | | | | | | | | |
| (a) increases in remuneration; | | | | | | | | |
| (b) higher expenses in connection with travelling; and | | | | | | | | |
| (c) an additional grant to the Legal Aid (Scotland) fund due to expansion of the legal aid scheme and increased solicitors' charges and counsel's fees. | | | | | | | | |
| <i>Scottish Record Office (Class I, Vote 23)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 46,969 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 4,645 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£51,614</u> |
| Supplementary provision required on account of increases in remuneration. | | | | | | | | |
| <i>Foreign Service (Class II, Vote 1)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 16,805,460 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 1,219,600 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£18,025,060</u> |
| Supplementary provision required on account of:— | | | | | | | | |
| (a) increases in remuneration; | | | | | | | | |
| (b) an increase in the strength of the Foreign Service in order to staff posts opened in newly emergent territories and to improve the level of staffing generally; and | | | | | | | | |
| (c) additional travelling and an increased volume of telegraphic traffic following recent events in Central Africa. | | | | | | | | |

30 January, 1961.]

[Continued.]

| | | | | | | | | £ |
|--|----------------|-----|-----|-----|-----|-----|-----|--------------------|
| <i>Foreign Office Grants and Services (Class II, Vote 2)</i> | | | | | | | | |
| (B & C) | Already voted | ... | ... | ... | ... | ... | ... | 21,666,607 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 3,205,144 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£24,871,751</u> |

Supplementary provision required to meet the needs of changes in circumstances and developments in foreign policy over a wide field.

The bulk of the additional expenditure is attributable to events in the Congo.

| | | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|-----|-------------------|
| <i>Commonwealth Relations Office (Class II, Vote 4)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 3,552,910 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 98,680 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£3,651,590</u> |

Supplementary provision required:—

(a) on account of increases in remuneration; and

(b) to meet the cost of the United Kingdom Mission in Cyprus after transfer from the Colonial Office on 16th August, 1960.

There is a consequential saving on the Estimate for the Colonial Office as a result of this transfer (see Class II, Vote 7).

| | | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|-----|--------------------|
| <i>Commonwealth Services (Class II, Vote 5)</i> | | | | | | | | |
| (B & C) | Already voted | ... | ... | ... | ... | ... | ... | 13,905,070 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 7,205,550 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£21,110,620</u> |

Supplementary provision required on account of changes in circumstances and policy developments in the field of Commonwealth relations.

The major part of the additional expenditure is attributable to a grant in aid to the Government of Cyprus.

| | | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|-----|-------------------|
| <i>Colonial Office (Class II, Vote 7)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 1,872,565 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 65,620 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£1,938,185</u> |

Supplementary provision required on account of increases in remuneration.

A substantial offsetting saving on the original Estimate arises from the fact that a full-year provision was made for the United Kingdom Mission to Cyprus whereas responsibility for it was transferred to the Commonwealth Relations Office on 16th August, 1960 (see Class II, Vote 4).

| | | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|-----|--------------------|
| <i>Colonial Services (Class II, Vote 8)</i> | | | | | | | | |
| (B & C) | Already voted | ... | ... | ... | ... | ... | ... | 20,320,882 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 2,503,455 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£22,824,337</u> |

Supplementary provision required to meet the needs of changes in circumstances and developments of Colonial policy.

30 January, 1961.]

[Continued.]

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|-------------------|
| <i>Home Office (Class III, Vote 1)</i> | | | | | | | | £ |
| (A & B) | Already voted | ... | ... | ... | ... | ... | ... | 7,639,870 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 110,435 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£7,750,305</u> |

Supplementary provision required on account of:—

(a) increases in remuneration;

(b) an expansion of the Probation Service; and

(c) additional grant to local authorities towards their increased expenses arising from higher salaries of court officers. The grant takes account of increased receipts from fines, fees, etc. (representing a saving) which are applied as appropriations in aid but the equivalent of which is remitted to the local authorities.

A very substantial saving is expected on the original provision for legal aid in criminal cases due to the number of cases and the average cost being less than estimated.

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|--------------------|
| <i>Police, England and Wales (Class III, Vote 3)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 53,711,866 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 3,691,130 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£57,402,996</u> |

Supplementary provision required for additional grants in respect of police expenditure due to increased police remuneration.

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|-------------------|
| <i>Child Care, England and Wales (Class III, Vote 5)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 2,804,100 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 110,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£2,914,100</u> |

Supplementary provision required:—

(a) to meet the effect of increases in remuneration; and

(b) consequent upon a shortfall on contributions from local authorities due to a smaller population of voluntary approved schools.

Savings on the original Estimate arise principally from a delay in opening two new local authority approved schools.

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|-----------------|
| <i>Supreme Court of Judicature, etc. (Class III, Vote 7)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 159,757 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 40,058 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£199,815</u> |

Supplementary provision required to meet the cost of increases in remuneration after taking account of substantial additional receipts from fees, etc.

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|-----------------|
| <i>County Courts (Class III, Vote 8)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 543,560 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 154,677 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£698,237</u> |

Supplementary provision required on account of:—

(a) increases in remuneration;

(b) additional staff needed to deal with increased work; and

(c) increased expenditure on travelling.

Parliamentary authority is also sought for the application as appropriations in aid of increased receipts from fees, fines, etc.

30 January, 1961.]

[Continued.]

| | | | | | | | | £ |
|---|----------------|-----|-----|-----|-----|-----|-----|-----------------|
| <i>Law Charges (Class III, Vote 12)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 757,776 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 48,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£805,776</u> |

Supplementary provision required on account of increases in remuneration.

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|-------------------|
| <i>Police, Scotland (Class III, Vote 15)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 5,670,137 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 648,380 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£6,318,517</u> |

Supplementary provision required for additional grants in respect of police expenditure due to increased police remuneration.

| | | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|-----|-----------------|
| <i>Law Charges and Courts of Law, Scotland (Class III, Vote 19)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 386,614 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 60,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£446,614</u> |

Supplementary provision required on account of increases in remuneration and a heavier incidence of work. Receipts from fees and fines have also increased.

| | | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|-----|----------------|
| <i>Supreme Court of Judicature, etc., Northern Ireland (Class III, Vote 21)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 79,874 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 12,295 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£92,169</u> |

Supplementary provision required on account of increases in remuneration.

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|-----------------|
| <i>British Museum (Class IV, Vote 2)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 854,450 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 8,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£862,450</u> |

Supplementary provision required to meet the net cost of increases in remuneration almost wholly offset by savings on the original Estimate due to delays in the publication of the General Catalogue of Printed Books on account of technical difficulties.

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|-----------------|
| <i>British Museum (Natural History) (Class IV, Vote 3)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 496,806 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 57,250 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£554,056</u> |

Supplementary provision required on account of increases in remuneration.

| 30 January, 1961.] | | | | | | | | [Continued.] |
|---|----------------|-----|-----|-----|-----|-----|-----|--------------|
| <i>Imperial War Museum (Class IV, Vote 4)</i> | | | | | | | | £ |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 54,436 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 835 |
| | Total | ... | ... | ... | ... | ... | ... | £55,271 |
| Supplementary provision required to meet the net cost of increases in remuneration and certain staff changes after taking account of additional fees for which Parliamentary authority to appropriate in aid is sought. | | | | | | | | |
| <i>London Museum (Class IV, Vote 5)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 44,260 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 3,280 |
| | Total | ... | ... | ... | ... | ... | ... | £47,540 |
| Supplementary provision required on account of increases in remuneration. | | | | | | | | |
| <i>National Gallery (Class IV, Vote 6)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 280,449 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 3,000 |
| | Total | ... | ... | ... | ... | ... | ... | £283,449 |
| Supplementary provision required on account of increases in remuneration. | | | | | | | | |
| Parliamentary authority is also being sought to expenditure on a special exhibition of paintings lent by a private individual the cost of which will be recovered from admission fees. | | | | | | | | |
| <i>Tate Gallery (Class IV, Vote 7)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 105,281 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 21,494 |
| | Total | ... | ... | ... | ... | ... | ... | £126,775 |
| Supplementary provision required:— | | | | | | | | |
| (a) on account of increases in remuneration; | | | | | | | | |
| (b) to provide a special grant towards the purchase of the picture "Nu Debout" by Matisse | | | | | | | | |
| <i>National Maritime Museum (Class IV, Vote 8)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 74,276 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 9,119 |
| | Total | ... | ... | ... | ... | ... | ... | £83,295 |
| Supplementary provision required on account of increases in remuneration. | | | | | | | | |
| <i>National Portrait Gallery (Class IV, Vote 9)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 38,262 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 2,400 |
| | Total | ... | ... | ... | ... | ... | ... | £40,662 |
| Supplementary provision required on account of increases in remuneration. | | | | | | | | |

30 January, 1961.]

[Continued.]

| | | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|-----|--------|
| <i>Wallace Collection (Class IV, Vote 10)</i> | | | | | | | | £ |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 43,608 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 1,800 |
| | Total | ... | ... | ... | ... | ... | ... | 45,408 |

Supplementary provision required on account of increases in remuneration.

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|------------|
| <i>Grants for Science and the Arts (Class IV, Vote 11)</i> | | | | | | | | |
| (B) | Already voted | ... | ... | ... | ... | ... | ... | 2,261,905 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 3,000 |
| | Total | ... | ... | ... | ... | ... | ... | £2,264,905 |

Supplementary provision required to meet an additional grant to the British Academy on account of the Egypt Exploration Society after taking into account a saving on the provision in the original Estimate for a payment towards the cost of the Isaac Newton Telescope.

| | | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|-----|----------|
| <i>National Galleries of Scotland (Class IV, Vote 15)</i> | | | | | | | | |
| (C) | Already voted | ... | ... | ... | ... | ... | ... | 73,729 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 31,755 |
| | Total | ... | ... | ... | ... | ... | ... | £105,484 |

Virtually the whole of the supplementary provision is required for a special grant towards the cost of purchasing the Claude painting "Landscape with Apollo, The Muses and a River God".

| | | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|-----|---------|
| <i>National Museum of Antiquities, Scotland (Class IV, Vote 16)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 25,306 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 2,780 |
| | Total | ... | ... | ... | ... | ... | ... | £28,086 |

Supplementary provision required on account of:—
(a) increases in remuneration; and
(b) a special purchase grant.

| | | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|-----|---------|
| <i>National Library of Scotland (Class IV, Vote 17)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 81,656 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 8,761 |
| | Total | ... | ... | ... | ... | ... | ... | £90,417 |

Supplementary provision required on account of increases in remuneration.

| | | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|-----|-------------|
| <i>Ministry of Housing and Local Government (Class V, Vote 1)</i> | | | | | | | | |
| (A & B) | Already voted | ... | ... | ... | ... | ... | ... | 15,523,973 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 2,005,000 |
| | Total | ... | ... | ... | ... | ... | ... | £17,528,973 |

Supplementary provision required to take account of the effect of:—
(a) increases in remuneration;
(b) the cost of emergency measures in connection with the recent floods; and
(c) the implementation of the Government's promise to support locally raised funds for flood relief.

A number of comparatively minor savings on the original provisions under certain other Subheads is expected.

30 January, 1961.]

[Continued.]

| | | | | | | | | £ |
|--|----------------|-----|-----|-----|-----|-----|-----|---------------------|
| <i>Exchequer Grants to Local Revenues, England and Wales (Class V, Vote 3)</i> | | | | | | | | |
| (C) | Already voted | ... | ... | ... | ... | ... | ... | 535,275,000 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 496,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£535,771,000</u> |

Supplementary provision required to meet the cost of:—

- (a) increased Rate Deficiency Grant to a local authority following a reduction in estimated net rate income; and
- (b) certain outstanding final payments of Exchequer Equalisation Grant more than offset by recoveries to be surrendered as Exchequer Extra Receipts.

Ministry of Health (Class V, Vote 4)

| | | | | | | | | |
|---------|----------------|-----|-----|-----|-----|-----|-----|--------------------|
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 27,508,240 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 776,225 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£28,284,465</u> |

Supplementary provision required on account of:—

- (a) increases in remuneration;
- (b) additional expenditure under the National Milk Scheme due to a larger than expected number of beneficiaries; and
- (c) sundry other minor additional expenses.

National Health Service, England and Wales (Class V, Vote 5)

| | | | | | | | | |
|---------|----------------|-----|-----|-----|-----|-----|-----|---------------------|
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 556,838,085 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 4,471,815 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£561,309,900</u> |

Supplementary provision required on account of:—

- (a) an increase in the number and cost per unit of prescriptions; and
- (b) an increase in the cost of dental treatment.

Parliamentary authority is also sought for the application as appropriations in aid of additional receipts by way of National Health Service contributions.

Medical Research Council (Class V, Vote 6)

| | | | | | | | | |
|-----|----------------|-----|-----|-----|-----|-----|-----|-------------------|
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 4,264,560 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 204,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£4,468,560</u> |

Supplementary provision required on account of increases in remuneration.

War Damage Commission (Class V, Vote 8)

| | | | | | | | | |
|-----|----------------|-----|-----|-----|-----|-----|-----|-----------------|
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 360,135 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 48,305 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£408,440</u> |

Supplementary provision required on account of increases in remuneration.

30 January, 1961.]

[Continued.]

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|-------------------|
| <i>Department of Health for Scotland (Class V, Vote 9)</i> | | | | | | | | £ |
| (A, B & C) | Already voted | ... | ... | ... | ... | ... | ... | 5,891,220 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 53,500 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£5,944,720</u> |

Supplementary provision required on account of:—

(a) increases in remuneration;

(b) increased demand for liquid milk under the National Milk Scheme; and

(c) possible expenditure in connection with flood relief.

There are a number of expected savings elsewhere within the Vote, principally on welfare foods. There is, however, likely to be a deficiency in receipts from beneficiaries in respect of welfare foods.

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|--------------------|
| <i>Exchequer Grants to Local Revenues, Scotland (Class V, Vote 12)</i> | | | | | | | | |
| (D) | Already voted | ... | ... | ... | ... | ... | ... | 69,541,000 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 40,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£69,581,000</u> |

Supplementary provision required to correct an arithmetical error arising from the transposition of figures in the data supplied by a local authority which caused under-estimation of the amount payable during the year 1960–61 in respect of Exchequer Equalisation Grant. No extra charge falls on public funds as a result of the mistake.

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|-------------------|
| <i>Board of Trade (Class VI, Vote 1)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 5,655,145 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 503,500 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£6,158,645</u> |

Supplementary provision required to meet the cost of increases in remuneration, partly offset by savings elsewhere on the original Estimate and additional receipts from stamps, fees, etc.

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|-----------------|
| <i>Board of Trade (Former Strategic Stocks) (Class VI, Vote 3)</i> | | | | | | | | |
| (C) | Already voted | ... | ... | ... | ... | ... | ... | 693,000 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 92,500 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£785,500</u> |

Supplementary provision required to meet the handling, etc., charges in connection with an accelerated disposal programme.

| | | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-----|--------------------|
| <i>Ministry of Labour (Class VI, Vote 8)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 22,556,000 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 1,111,500 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£23,667,500</u> |

Supplementary provision required to meet the effect of:—

(a) increases in remuneration within the Department and increases in the level of wages and other costs in Remploy Ltd. (via the grants);

(b) the call up for National Service of more men than expected; and

(c) a substantial deficiency in appropriations in aid due to a lower proportion of the Department's administrative costs being recoverable from the National Insurance Fund on account of a fall in the proportion of unemployed persons receiving unemployment benefit.

A saving is expected on the original provision for Training and Rehabilitation.

30 January, 1961.]

[Continued.]

| | | | | | | | | £ |
|--|----------------|-----|-----|-----|-----|-----|--------------------|---|
| <i>Ministry of Works (Class VII, Vote 1)</i> | | | | | | | | |
| (A, B & C) | Already voted | ... | ... | ... | ... | ... | 8,145,000 | |
| | Sum now sought | ... | ... | ... | ... | ... | 2,100,000 | |
| | Total | ... | ... | ... | ... | ... | <u>£10,245,000</u> | |

Supplementary provision required:—

- (a) on account of increases in remuneration; and
 (b) to make good an estimated deficiency on appropriations in aid arising principally from:—
- (1) the decision not to proceed with the development of military Blue Streak; and
 - (2) a slower than expected rate of progress of work on a repayment basis.

| | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|--------------------|
| <i>Public Buildings, etc., United Kingdom (Class VII, Vote 3)</i> | | | | | | | |
| (B & C) | Already voted | ... | ... | ... | ... | ... | 32,904,000 |
| | Sum now sought | ... | ... | ... | ... | ... | 1,215,000 |
| | Total | ... | ... | ... | ... | ... | <u>£34,119,000</u> |

Supplementary provision required on account of:—

- (a) the acquisition of the Bedford Estate Trustees' interest in the British Museum library site; and
 (b) the purchase of the St. Stephen's Club.

The Estimate is also presented to secure Parliamentary authority for 48 new projects and for the application as appropriations in aid of substantial additional receipts.

| | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|-------------------|
| <i>Public Buildings Overseas (Class VII, Vote 4)</i> | | | | | | | |
| (C & D) | Already voted | ... | ... | ... | ... | ... | 3,837,500 |
| | Sum now sought | ... | ... | ... | ... | ... | 325,000 |
| | Total | ... | ... | ... | ... | ... | <u>£4,162,500</u> |

Supplementary provision required to meet the cost of:—

- (a) purchasing the building housing the office of the Deputy High Commissioner in Lahore. This has suddenly become necessary due to a change in circumstances under which the building is at present occupied, and;
 (b) additional supplies of furniture and equipment needed to correct original under-estimating of requirements under this head.

| | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|-----------------|
| <i>Royal Parks and Pleasure Gardens (Class VII, Vote 6)</i> | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | 935,500 |
| | Sum now sought | ... | ... | ... | ... | ... | 8,000 |
| | Total | ... | ... | ... | ... | ... | <u>£943,500</u> |

Supplementary provision required to meet the cost of increases in remuneration and higher charges for the services of the Metropolitan Police.

| | | | | | | | |
|--|----------------|-----|-----|-----|-----|-----|--------------------|
| <i>Stationery and Printing (Class VII, Vote 9)</i> | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | 16,485,100 |
| | Sum now sought | ... | ... | ... | ... | ... | 950,010 |
| | Total | ... | ... | ... | ... | ... | <u>£17,435,110</u> |

30 January, 1961.]

[Continued.]

| | | | | | | | | £ |
|--|----------------|-----|-----|-----|-----|-----|---------------------|---|
| Supplementary provision required on account of:— | | | | | | | | |
| (a) unforeseen additional demands for paper, printing and office supplies; | | | | | | | | |
| (b) increased costs of paper, printing, binding and published books; | | | | | | | | |
| (c) an acceleration of presentation of accounts by contractors, and; | | | | | | | | |
| (d) increases in remuneration. | | | | | | | | |
| <i>Ministry of Agriculture, Fisheries and Food (Class VIII, Vote 1)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | 19,244,345 | |
| | Sum now sought | ... | ... | ... | ... | ... | 1,861,300 | |
| | Total | ... | ... | ... | ... | ... | <u>£21,105,645</u> | |
| Supplementary provision required on account of increases in remuneration. | | | | | | | | |
| <i>Agricultural and Food Grants and Subsidies (Class VIII, Vote 2)</i> | | | | | | | | |
| (C) | Already voted | ... | ... | ... | ... | ... | 224,267,030 | |
| | Sum now sought | ... | ... | ... | ... | ... | 4,869,000 | |
| | Total | ... | ... | ... | ... | ... | <u>£229,136,030</u> | |
| The supplementary provision now sought is the net result of substantial variations on the Estimate as originally presented. Substantial additional expenditure is now expected under the following heads:— | | | | | | | | |
| (a) General Fertilisers Subsidy; | | | | | | | | |
| (b) Grants for ploughing up grassland; | | | | | | | | |
| (c) Field drainage and water supply grants; | | | | | | | | |
| (d) Bonus payments under the Tuberculosis (Attested Herds) Scheme; | | | | | | | | |
| (e) Cereals; | | | | | | | | |
| (f) Milk (excluding Milk Welfare Schemes); and | | | | | | | | |
| (g) Potatoes. | | | | | | | | |
| Comparatively large savings are anticipated in respect of:— | | | | | | | | |
| (h) Lime subsidy; | | | | | | | | |
| (i) Grants to Small Farmers; | | | | | | | | |
| (j) Eggs; and | | | | | | | | |
| (k) Fatstock. | | | | | | | | |
| In connection with this supplementary Estimate it should be remembered that the original Estimate is presented before decisions on the Annual Price Review are taken. | | | | | | | | |
| <i>Agricultural and Food Services (Class VIII, Vote 3)</i> | | | | | | | | |
| (C) | Already voted | ... | ... | ... | ... | ... | 11,090,345 | |
| | Sum now sought | ... | ... | ... | ... | ... | 3,855,890 | |
| | Total | ... | ... | ... | ... | ... | <u>£14,946,235</u> | |
| Supplementary provision required on account of increased expenditure on compensation in connection with outbreaks of foot-and-mouth disease and fowl-pest. | | | | | | | | |
| <i>Fishery Grants and Services (Class VIII, Vote 5)</i> | | | | | | | | |
| (C) | Already voted | ... | ... | ... | ... | ... | 8,260,930 | |
| | Sum now sought | ... | ... | ... | ... | ... | 2,100,000 | |
| | Total | ... | ... | ... | ... | ... | <u>£10,360,930</u> | |

30 January, 1961.]

[Continued.]

£

Supplementary provision required on account of a higher number of grants and loans to white fish catchers in respect of boats and engines. This is mainly attributable to a faster rate of delivery of new vessels.

A substantial saving is expected on the original provision for loans for fish processing plant.

Surveys of Great Britain, etc. (Class VIII, Vote 6)

| | | | | | | | | |
|-----|----------------|-----|-----|-----|-----|-----|-----|-------------------|
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 3,350,200 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 1,037,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£4,387,200</u> |

Supplementary provision required on account of increases in remuneration.

Agricultural Research Council (Class VIII, Vote 7)

| | | | | | | | | |
|-----|----------------|-----|-----|-----|-----|-----|-----|-------------------|
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 5,270,000 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 335,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£5,605,000</u> |

Supplementary provision required on account of increases in remuneration.

Forestry Commission (Class VIII, Vote 10)

| | | | | | | | | |
|-----|----------------|-----|-----|-----|-----|-----|-----|--------------------|
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 10,939,000 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 80,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£11,019,000</u> |

Supplementary provision required to meet the cost of increases in the pay of forest workers.

Department of Agriculture and Fisheries for Scotland (Class VIII, Vote 11)

| | | | | | | | | |
|-----|----------------|-----|-----|-----|-----|-----|-----|--------------------|
| (C) | Already voted | ... | ... | ... | ... | ... | ... | 35,944,909 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 800,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£36,744,909</u> |

Like the supplementary Estimate for Agricultural and Food Grants and Subsidies (Class VIII, Vote 2), the supplementary provision sought under this Estimate is the net result of substantial variations on the Estimate as originally presented.

Substantial additional expenditure is now expected under the following heads:—

- (a) Salaries (due to increases in remuneration);
- (b) Grants for ploughing up grassland;
- (c) Bonus payments under the Tuberculosis (Attested Herds) Scheme;
- (d) Cereals;
- (e) Milk (excluding Milk Welfare Schemes); and
- (f) Grants to Research Institutes.

Comparatively large savings are anticipated in respect of:—

- (g) Fatstock; and
- (h) Compensation for the slaughter of diseased animals.

In connection with this supplementary Estimate it should be remembered that the original Estimate is presented before decisions on the Annual Price Review are taken.

30 January, 1961.]

[Continued.]

| | | | | | | | | £ |
|--|----------------|-----|-----|-----|-----|-----|-----|--------------------|
| <i>Ministry of Transport (Class IX, Vote 1)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 3,624,900 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 507,700 |
| | Total | ... | ... | ... | ... | ... | ... | £4,132,600 |
| Supplementary provision required on account of increases in remuneration and higher expenditure on travelling. | | | | | | | | |
| <i>Ministry of Power (Class IX, Vote 4)</i> | | | | | | | | |
| (A & B) | Already voted | ... | ... | ... | ... | ... | ... | 2,144,560 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 108,290 |
| | Total | ... | ... | ... | ... | ... | ... | £2,252,850 |
| Supplementary provision required:— | | | | | | | | |
| (a) on account of increases in remuneration; and | | | | | | | | |
| (b) to meet the cost of re-imbursing the Atomic Energy Authority for carrying out some of the functions of the Minister of Power under the Nuclear Installations (Licensing and Insurance) Act, 1959. | | | | | | | | |
| There are certain partially off-setting savings elsewhere on the original Estimate. | | | | | | | | |
| Parliamentary authority is also sought for the application as appropriations in aid of additional recoveries from the Gas Council in respect of Gas Examiners. | | | | | | | | |
| <i>Office of the Minister for Science (Class IX Vote 6)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 82,500 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 3,000 |
| | Total | ... | ... | ... | ... | ... | ... | £85,500 |
| Supplementary provision required to meet the cost of | | | | | | | | |
| (a) the salary of a Parliamentary Secretary in accordance with the provisions of the Ministers of the Crown (Parliamentary Secretaries) Act, 1960, and | | | | | | | | |
| (b) increases in remuneration and additional staff. | | | | | | | | |
| <i>Department of Scientific and Industrial Research (Class IX Vote 8)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 12,703,407 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 234,968 |
| | Total | ... | ... | ... | ... | ... | ... | £12,938,375 |
| Supplementary provision required | | | | | | | | |
| (a) on account of increases in remuneration, and | | | | | | | | |
| (b) for additional consumable stores, etc. for use in the Departments stations. | | | | | | | | |
| There are a number of expected savings on this Vote, principally because certain items of capital equipment for D.S.I.R. Stations, certain research grants to Universities and some other grants and awards have not materialised as expected. | | | | | | | | |
| <i>War Pensions etc. (Class X Vote 3)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 96,479,250 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 90,000 |
| | Total | ... | ... | ... | ... | ... | ... | £96,569,250 |

30 January, 1961.]

[Continued.]

£

Supplementary provision required to meet the cost of

- (a) an additional contribution to the Australian Government in respect of pensions etc. for Australian personnel seconded to the R.A.F. in the last War, and
- (b) the increased cost of the medical treatment of pensioners overseas and the replacement of small cars for the severely disabled war pensioners living abroad.

The Supplementary Estimate is also presented to secure Parliamentary authority for the application as appropriations in aid of additional receipts in connection with

- (a) National Service Grants, and
- (b) Grants to the Far East (Prisoners of War and Internees) Fund.

National Insurance and Family Allowances (Class X Vote 4)

| | | | | | | | | |
|-----|----------------|-----|-----|-----|-----|-----|-----|---------------------|
| (C) | Already voted | ... | ... | ... | ... | ... | ... | 313,473,000 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 500,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£313,973,000</u> |

Supplementary provision required to meet the cost in 1960-61 of a recent decision by the National Insurance Commissioner increasing the amount from a maximum of 60s. 0d. to a maximum of 89s. 6d. per week at age 17 (with smaller amounts at lower ages) which an "apprentice" can earn while continuing to count as a child for family allowances purposes. The Act provides that an "apprentice" can be treated as a child if he is "not in receipt of earnings which provide him wholly or substantially with a livelihood."

National Assistance Board (Class X Vote 5)

| | | | | | | | | |
|---------|----------------|-----|-----|-----|-----|-----|-----|---------------------|
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 185,884,000 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 4,707,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£190,591,000</u> |

Supplementary provision required on account of

- (a) an increase in numbers having recourse to the supplement to pension available to those in need
- (b) increases in the number of staff and increases in remuneration, and
- (c) increased expenditure on travelling in connection with home visiting.

The Estimate is also presented to secure Parliamentary authority for the application as appropriations in aid of additional receipts.

Customs and Excise (Revenue Departments, Vote 1)

| | | | | | | | | |
|-----|----------------|-----|-----|-----|-----|-----|-----|--------------------|
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 18,668,600 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 2,026,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£20,694,600</u> |

Supplementary provision required on account of increases in remuneration, additional overtime worked, increased expenditure on travelling and subsistence, and higher expenditure on superannuation.

Inland Revenue (Revenue Departments, Vote 2)

| | | | | | | | | |
|-----|----------------|-----|-----|-----|-----|-----|-----|--------------------|
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 50,671,000 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 1,370,000 |
| | Total | ... | ... | ... | ... | ... | ... | <u>£52,041,000</u> |

30 January, 1961.]

[Continued.]

| | | | | | | | | |
|---|----------------|-----|-----|-----|-----|-----|-----|--------------|
| | | | | | | | | £ |
| Supplementary provision required on account of increases in remuneration, additional overtime worked, and increased expenditure on travel. | | | | | | | | |
| There are certain off-setting savings elsewhere on the Vote principally in relation to Valuation Office salaries and superannuation payments. | | | | | | | | |
| <i>Post Office (Revenue Departments, Vote 3)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 400,081,000 |
| | Sum now sought | ... | ... | ... | ... | ... | ... | 15,027,000 |
| | Total | ... | ... | ... | ... | ... | ... | £415,108,000 |

Supplementary provision is required to meet the cost of:—

- (a) increases in remuneration and the effect of a shorter working week;
- (b) the cost of handling an increased volume of Post Office business (beyond that expected a year ago); and
- (c) additional engineering stores for an expanded programme of capital work due to a greater demand for telephones.

It is expected that some £13 million of the net provision now sought will be met by additional Post Office receipts. There will still be a surplus on the commercial accounts for 1960–61.

TOKEN SUPPLEMENTARY ESTIMATES

| | | | | | | | | |
|--|---------------|-----|-----|-----|-----|-----|-----|---------|
| <i>Privy Council Office (Class I, Vote 5)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 41,323 |
| Supplementary Estimate presented to secure Parliamentary authority for the application as appropriations in aid of additional receipts to meet the cost of increases in remuneration. | | | | | | | | |
| <i>Government Actuary (Class I, Vote 12)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 39,292 |
| Supplementary Estimate presented to secure Parliamentary authority for the application as appropriations in aid of additional receipts to meet the cost of increases in remuneration. | | | | | | | | |
| <i>Carlisle State Management District (Class III, Vote 6)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 100 |
| Supplementary Estimate presented to secure Parliamentary authority for the application as appropriations in aid of additional receipts to meet increases in expenditure within this trading service. | | | | | | | | |
| <i>Public Trustee (Class III, Vote 11)</i> | | | | | | | | |
| (A) | Already voted | ... | ... | ... | ... | ... | ... | 100 |
| Supplementary Estimate presented to secure Parliamentary authority for the application as appropriations in aid of additional receipts to meet the net cost of increases in remuneration. | | | | | | | | |
| <i>Scottish Home Department (Civil Defence Services) (Class III, Vote 14)</i> | | | | | | | | |
| (B) | Already voted | ... | ... | ... | ... | ... | ... | 856,475 |
| Supplementary Estimate presented to secure Parliamentary authority for the establishment of a Civil Defence Training Centre in the West of Scotland. | | | | | | | | |
| <i>State Management Districts, Scotland (Class III, Vote 18)</i> | | | | | | | | |
| (A & C) | Already voted | ... | ... | ... | ... | ... | ... | 100 |
| Supplementary Estimate presented to secure Parliamentary authority for the application as appropriations in aid of additional receipts to meet increases in expenditure within this trading service. | | | | | | | | |

30 January, 1961.]

[Continued.]

| | | £ |
|--|----------------------|------------|
| <i>Department of the Registers of Scotland (Class III, Vote 20)</i> | | |
| (A & C) | Already voted | 100 |
| Supplementary Estimate presented to secure Parliamentary authority for the application as appropriations in aid of additional receipts to meet the cost of increases in remuneration and additional staff on account of extra work. | | |
| <i>Ministry of Education (Class IV, Vote 1)</i> | | |
| (A & C) | Already voted | 87,400,575 |
| Supplementary Estimate presented to obtain Parliamentary authority for a measure of virement between the original provisions on Subheads and for the application as appropriations in aid of additional receipts. | | |
| Increased expenditure is attributable mainly to:— | | |
| (a) increases in remuneration; | | |
| (b) extra expenditure in the youth service; | | |
| (c) increases in the cost of voluntary teacher training colleges; and | | |
| (d) a greater liability for pension payments to teachers. | | |
| A substantial saving arises on the original provision for the school meals grant whilst receipts from teachers and employers in respect of pension contributions are more buoyant. | | |
| <i>National Health Service, Scotland (Class V, Vote 10)</i> | | |
| (A & C) | Already voted | 69,544,850 |
| Supplementary Estimate presented to secure Parliamentary authority for:— | | |
| (a) a measure of virement between existing subhead provisions; and | | |
| (b) the application as appropriations in aid of higher receipts from National Health Service contributions. | | |
| The excesses on the original Subheads are due mainly to increases in remuneration and a higher demand for services. A substantial saving arises from a carry over of funds from 1959–60. | | |
| <i>Board of Trade (Assistance to Industry and Trading Services) (Class VI, Vote 2)</i> | | |
| (B & C) | Already voted | 14,222,120 |
| Supplementary Estimate presented to secure Parliamentary authority for the application of savings (notably on the provision for Assistance to the Cotton Industry) to increased expenditure on exhibitions for trade promotion and to a new service, i.e. a grant in aid to the Export Council for Europe. | | |
| <i>Export Credits (Class VI, Vote 6)</i> | | |
| (A & C) | Already voted | 100 |
| Supplementary Estimate presented to obtain Parliamentary authority for the application as appropriations in aid of additional receipts from premiums, etc., to meet the cost of:— | | |
| (a) increased administrative expenditure; and | | |
| (b) higher than estimated payments under guarantee. | | |
| <i>Transport (Shipping and Special Services) (Class IX Vote 3)</i> | | |
| (B & C) | Already voted | 1,277,250 |
| Supplementary Estimate presented to obtain Parliamentary authority for a measure of re-allocation between Subheads of monies already voted and for a new service i.e. preliminary expenses in connection with Government assistance for the replacement of the Queen Mary. | | |

30 January, 1961.]

[Continued.]

£

Increased provision required principally in connection with

- (a) additional payments to Government Freight Agents, and
- (b) re-imbusement of surcharge on Suez Canal tolls at a higher rate than estimated due to its being incurred by more British ships.

There is a substantial saving on the original provision for major repairs at Faslane Port owing to delays in negotiating the contract.

Ministry of Pensions and National Insurance (Class X Vote 2)

(A, B & C) Already voted 5,014,850

Supplementary Estimate presented to secure Parliamentary authority for the application as appropriations in aid of additional receipts to meet the net cost of

- (a) increases in remuneration and increased commission to agents on payment of pensions and allowances overseas, and
- (b) extra work in connection with the National Insurance Act, 1960, and the graduated Pensions Scheme.

Memorandum submitted on behalf of the Secretary of State for War.

ARMY SUPPLEMENTARY ESTIMATE 1960-61

1. The total of Army Estimates, 1960-61 (as revised by the token Supplementary Estimate, H.C. 240 of 5th July, 1960) is £470,050,110. The present Supplementary Estimate is for the sum of £5,500,000 increasing the total of Army Estimates to £475,550,110.

2. The principal reasons for the Supplementary Estimate are:—

- (a) Increases in rates of salaries and wages of civilians have cost some £4·3 million, though this is partly offset by savings due to reduced numbers.
- (b) Pay and allowances of Army personnel have cost some £3·1 million more than expected. This mainly due to an underestimate of the cost of pay of other ranks and an increase in the number of married men overseas accompanied by their families.
- (c) An increase in the movement costs of personnel, partly offset by reduced movement of stores; increased expenditure on works stores, research and development, and soldiers' pensions.

3. The additional expenditure will be partly met from savings on the Votes for Supplies and Stores.

4. Further details of the variations on each vote are given in the Annex.

War Office

26th January, 1961.

ARMY ESTIMATES, 1960-61

| Vote | Service | Gross Expenditure | | Appropriations in Aid | |
|------|----------------------------------|--------------------------|---|--------------------------|--|
| | | Increased + Reduced - | Explanation | Increased + Reduced - | Explanation |
| 1 | Pay of the Army | £ +3,100,000 | Due mainly to the increased cost of the pay of Other Ranks, Local Overseas Allowance, and National Service Grants. | + 200,000 | Due mainly to increased receipts from other Governments and other Government Departments. |
| 4 | Civilians | +3,850,000 | Due to salary and wage increases, and to the cost of Inspection staffs transferred from the Ministry of Aviation with effect from 1st November, 1960. | + 600,000 | Due mainly to recovery from the Ministry of Aviation of certain Expenses on research and development incurred on their behalf. |
| 5 | Movements | +1,000,000 | Higher personnel transport costs partly offset by reduced movement of stores. | + 350,000 | Mainly additional repayments by other Governments and other Government Departments. |
| 6 | Supplies, &c. | - 600,000 | Revision of reserve stocks and reduced R.A.F. requirements. | - 300,000 | Mainly due to reduced issues on repayment to R.A.F. |
| 7 | Stores | -3,200,000 | Due mainly to a reduction in deliveries and a reduced payment to Ministry of Aviation for Inspection Services. | + 800,000 | Due mainly to increased receipts from other Government Departments. |
| 8 | Works, Buildings and Lands ... | + 950,000 | Due mainly to increased expenditure on stores and plant. | - 280,000 | Due mainly to reduced sales and fewer agency works services. |
| 9 | Miscellaneous Effective Services | +1,000,000 | Due mainly to increased expenditure on research and development. | + 200,000 | Miscellaneous receipts are higher than expected. |
| 10 | Non-effective Services | +1,050,000 | Due mainly to increased costs of soldiers' pensions. | + 80,000 | Due to an increase in the rate of contributions for loaned personnel, |
| | | +7,150,000 | | +1,650,000 | |

| | |
|---|-------------------|
| | £ |
| Increased expenditure | 7,150,000 |
| Less Increased Appropriations in Aid | 1,650,000 |
| Net Supplementary Estimate | <u>£5,500,000</u> |

30 January, 1961.]

[Continued.]

30 January, 1961.]

[Continued.]

Memorandum submitted on behalf of the Secretary of State for Air.

AIR MINISTRY SUPPLEMENTARY ESTIMATE,
FINANCIAL YEAR 1960-61

1. The total of Air Estimates, 1960-61 (as revised by the token Supplementary Estimate, H.C. 238 of 5th July, 1960) is £527,460,010. The present Supplementary Estimate is for the sum of £6,000,000 increasing the total of Air Votes to £533,460,010.
2. The principal reasons necessitating the Supplementary Estimate are:—
 - (a) Vote 1 Allowances to Royal Air Force personnel have cost about £2 million more than the Estimate mainly because the number of married personnel overseas accompanied by their families has exceed expectations.
 - (b) Increases in salaries and wages of civilian personnel have cost about £3·5 million.
 - (c) Movements of personnel and freight overseas have cost about £1 million more than was expected. Travelling allowances and expenses have also cost more.
3. The Supplementary Estimate also provides for expenditure of £385,000 on the Administration of the Sovereign Base Areas in the Island of Cyprus.
4. The additional expenditure can be partly met from savings on various Votes, principally on the Vote for Works and Lands.
5. Further details of the variations in each Vote are given in the Annex.

Air Ministry
January, 1961.

AIR ESTIMATES, 1960-61
Supplementary Estimate

ANNEX

| Vote | Service | Gross Expenditure | | Appropriations in Aid | |
|------|----------------------------------|--|---|--------------------------|---|
| | | Increased + Reduced - | Explanation | Increased + Reduced - | Explanation |
| 1 | Pay, &c., of the Air Force ... | £ +2,800,000 | Mainly increased costs of allowances to married personnel, particularly those abroad; officer strengths have been higher than expected. | £ — | — |
| 2 | Reserve and Auxiliary Services | — | — | — | — |
| 3 | Air Ministry | + 550,000 | Increased rates of civilian pay. | - 80,000 | Reduction in agency services. |
| 4 | Civilians at Outstations | +3,040,000 | Increased rates of civilian pay. | - 460,000 | Reduction in agency services. |
| 5 | Movements | +1,790,000 | Mainly increased movements of personnel and freight overseas; also increased cost of travelling allowances. | + 630,000 | Increased movement services provided for other departments. |
| 6 | Supplies | -1,400,000 | Reduced requirements for liquid fuels. | - 100,000 | Reduced sales of liquid fuels. |
| 7 | Aircraft and Stores | +1,750,000 | Mainly unforeseen redundancy payments on cancelled contracts. | +1,250,000 | Increased sales of equipment. |
| 8 | Works and Lands | -5,000,000 | Expenditure on new works services for the R.A.F. and the United States Air Force has been less than expected. | -2,870,000 | Reduction in agency services for United States Air Force. |
| 9 | Miscellaneous Effective Services | + 350,000 | Mainly new provision for the Administration of the Sovereign Base Areas in Cyprus. | - 550,000 | Reduction in training services for other Governments. |
| 10 | Non-Effective Services | - 60,000 | Reduced expenditure on gratuities and terminal grants. | — | — |
| 11 | Additional Married Quarters ... | - 300,000 | Expenditure on married quarters financed from the Housing Loan has been less than expected. | - 300,000 | Reduced drawings from the Housing Loan. |
| | | +3,520,000 | | -2,480,000 | |
| | | | | £ | |
| | | Increased Gross Expenditure | 3,520,000 | | |
| | | Reduced Appropriations in Aid... .. | 2,480,000 | | |
| | | Net Amount of Supplementary Estimate ... | £6,000,000 | | |

30 January, 1961.]

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MINUTES OF EVIDENCE TAKEN BEFORE

[Continued.]

30 January, 1961.]

[Continued.]

Examination of Witnesses.

Mr. R. W. B. CLARKE, C.B., O.B.E., a Third Secretary, and Mr. B. M. THIMONT, a Principal (Estimate Clerk), Treasury, called in and further examined.

Mr. S. REDMAN, Director of Finance "A", War Office, and Mr. F. W. VERRY, C.M.G., O.B.E., Head of Central Finance Division, Air Ministry, called in and examined.

Chairman.

45. I think the way in which it will be most convenient to deal with this topic is first to take the general points which apply to the Treasury and then to take the general points which apply to the Services, and then we need not detain the Service witnesses but we can get on to the Hospitality Fund, which is your concern only, Mr. Clarke. You have been good enough, as promised at our former meeting, to put these various Supplementaries into categories, as described in the memorandum which you have sent us. The first question I would like to ask is: is it a practical proposition to ask you to split the £74 millions of Supplementaries in total into these four categories—A, where it is easy, or B or C; but where we have A or B, or B or C, how practical is it for you to try to split the sum of money involved between the two categories?—(Mr. Clarke.) First, on the division, I would say that this has been rather an experimental venture. If we were doing it again, I think we should do some of the division in a somewhat different way, because with experience one finds that one gets more meaningful distinctions. It is difficult to disentangle these mixed Votes. What you can do, in each case, is to pick out the salary subheads in the Estimates. That does not give you the same thing as A, because the salary subheads would include increases in the number of staff as well as increases in the pay rates; and there will also be in other subheads increases in prices and so on. Nevertheless the figure of salary subheads which would be useful and relevant from your point of view. You see, we have taken one of the whole series of cases we have here, and that is, out of the £74 millions, £32 millions is accounted for by salary subheads, including those in the token supplementaries.

46. That £32 millions means additional remuneration and additional numbers?—Yes. Now, we have a very rough estimate that the pay increases themselves, the increase of remuneration, may be of the order of

£27 millions for the whole of the Civil Service, including those Votes with no Supplementary Estimate. That has been arrived at by a rather different route, but it fits in with the pattern. That, I think, is what is possible on A. I do not think you can go through all the mixed votes and try to segregate as between increases in prices and other things. As between B and C, in the mixed categories of B and C—of which there are only 5 in that category—I think we could look at those and see whether some division could be made. I would rather doubt, however, whether we could in these particular cases—Commonwealth Services, Colonial Services, and Foreign Office Grants and Services, which are the main ones concerned here. The distinction between a policy move and a change of circumstances is a pretty narrow one.

47. How far will your problem be complicated by the need to apportion Grants in Aid between the two types of expenditure? Are we not talking here about the net figures?—Having taken Appropriations in Aid?

48. Yes?—This would be difficult. We can look at those, of course, but I cannot hope that we can get very far on that division.

49. Could we ask you to see how near the ideal you could get, because if we could include in our Report some general outline of the nature of the expenditure we are here looking at it. I think it would be very helpful?—Certainly, Sir.

50. Now, you have put all these Supplementaries into different categories and given us a note of the sums of money concerned. Now, there are one or two cases, if we compare your note with the printed draft Supplementary Estimates, where they do not seem to tally, and I wondered whether, if perhaps we gave you one or two examples, you could enlighten us. In the Case of Class I Vote 7 in the document you have given us, you refer to increases in remuneration and additional staff?—Yes, I see that.

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51. And when you come to Class I Vote 7, Charity Commission, it refers only to salaries. Is it the practice, when describing Supplementaries of this sort, to roll up increases in numbers and increases in remuneration in one thing? Whereas your note seeks to differentiate, there is nothing about additional staff in the printed document; and you refer to additional staff?—(Mr. Thimont.) The amount of provision allocated to additional staff is probably very small indeed, and we will cover this by putting "etc." after the words "additional provision required for increases in pay." These are, of course, only proof copies.

52. There are two where it works the other way: Class IX Vote 1, and Class I Vote 9, where your note refers to remuneration only and the printed document refers to numbers as well?—The additional sum here sought is very small. All we are trying to do in these is to point to the principal reasons. I have not got the figures here, but I imagine that the amount for additional staff is very small, and in this case we have not thought fit to mention it in our notes. The fact that it is put here in the Estimate itself arises from the fact that these Estimates are all built up from information supplied by the departments, and that at this stage we have not refined the wording. At the booklet stage we refine the Estimates with a view to standardizing the Part III details.

53. I think probably we ought to give you guidance as to what degree of, say, extra posts should be ignored for the purpose of categorising. Here you say that it was so small that you did not refer to it; on the other hand, you have here decided not to mention it, but if we were to give you some guidance as to what degree of ignoring would be appropriate for categorizing purposes, perhaps you would take that into account?—Yes, Sir.

54. Then we have Class VIII Vote 6, which is rather a different question: that refers to increases in remuneration in your note, and broadly speaking there is £1 million of increased remuneration out of the £1,037,000 that we are talking about. Now, that is an increase on the original Vote of about one-third?—(Mr. Clarke.) Yes.

55. Are we right in understanding that the increases in remuneration are the

cause of putting the Supplementary up by one-third?—Absolutely, Sir, yes.

56. Does it mean that the salaries of those people have gone up by one-third?—At some suitable moment I would like to say something about the salary increases, taken over the whole range, because this is very big element in the whole picture; it was £32 millions out of the £74 millions that we were talking about. Is it convenient for me to deal with that now, Sir?

57. Yes?—Because this is the biggest element in the picture: of the total number of Supplementaries that we have at this time, a total number of 76 substantive and 13 token, 59 of the Supplementaries cover increases in salary sub-heads and 10 of the tokens do, and you have an average increase, taken over the whole lot, of 8.7 per cent.; in fact 12 out of the 59 are up by more than 12½ per cent. The one to which you have drawn attention is the biggest, but there are others of quite substantial dimensions—this arises predominantly from retrospective awards by arbitration tribunals and the like. Of the £27 million pay awards, about £16 millions are arbitration awards, and £11 millions are negotiated settlements. Most of these settlements, covering practically the whole of the Civil Service in the period, have involved some measure of retrospection. For some the amount of retrospection has been tremendous. In the particular case you have called attention to here—this was the case of the draughtsmen—there was an arbitration award last July which gave retrospection back to the 1st July, 1957, and the 1st September, 1957; that is to say, there were three years of the increase at one blow, as it were. Other big ones were the Works Group award, which went back to the 1st August, 1958, and there again you see the results in the very big increases in the Ministry of Works, in the War Damage Commission, and some other things of that sort. The Technical Class award was to the 1st May, 1958, and so on. So that where you have these big figures of increases in salary sub-heads, it is almost invariably due to a big retrospective settlement.

58. Before we finish our evidence and start writing—which is a period of about two weeks—is it possible within that time for you to give us a figure, that is,

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how much of the £29 millions, which I think you said was the increased pay out of the total salaries head of—?—£27 millions.

59. £27 millions—how much of that is due to retrospection? How much, therefore, would not have appeared in these Estimates if the Awards had only referred to the year in which they were given?—We will certainly try to get a figure of that sort for the Committee.

60. That would be helpful to us, because I think this is the sort of information which Parliament would be interested to have, the effect on these Estimates of retrospective Awards; and you say that in this particular case, if it had not been for retrospection the Supplementary would have been about one-third of what it is?—Yes—well, it was three years' retrospection; the award was July, 1960, so the actual extra payment in 1960-61 was three-quarters plus 3 years retrospection, so without retrospection the extra cost would be about one-sixth of the total in that case; instead of £1 million, you would have had £200,000. I would like to check that figure, but that is the sort of thing.

Mr. Eden.

61. I have one general question: it refers to paragraph 4 in the note provided with the details, where you say "Although it is not possible to quantify accurately . . . the amount of the under-spending . . . it is likely to be fairly substantial and to go a long way towards offsetting the additional Supply now being sought". Can you give me the order of the figure which was covered by that for the previous year, where there were 78 Supplementary Estimates sought? Was there a substantial amount of under-spending then which offset part of that amount? Can you give us any guidance at this stage as to what we might expect to see as a substantial proportion?—(Mr. Clarke.) I am afraid I cannot answer that offhand. (Mr. Thimont.) One could determine what it was for last year by reference to the Appropriation Accounts, the first set of which has been published and the other set is about to be published. So one could assess the order of magnitude from the figures last year; but it is very substantial. One could say, in the light of experience, that it will be very substantial.

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Chairman.

62. How far is it a safe guide to take last year's experience as a guide to this year?—I think it would provide a fairly reasonable guide. Our experience over the last few years has been fairly consistent in this respect.

Mr. Eden.

63. But is there always this difference of time which requires Departments to ask for further Supplementary Estimates before making use of the amount left over as a result of under-spending?—No, the under-spending will arise on Votes for which no supplementary provision is now sought. The savings on this Vote for which no supplementary provision is sought are taken into account in the amount of the Supplementaries.

Mr. du Cann.

64. Mr. Clarke said, I think, that it would be possible to divide the amounts required for extra staff and extra remuneration into two separate categories. Would that be easy to do at any time if the information were required?—(Mr. Clarke.) We would have to do a separate exercise in order to do that, and it would only be a rough-and-ready calculation in any case. We cannot give you an accounted figure, but we can talk in figures to the nearest million or two millions, which is really all that one needs.

65. But would it be possible to break each of those figures down for each Supplementary?—Well, the difficulty there is that in each particular Supplementary there will be a different mix of people. In this Surveys case that we were discussing earlier there will be draughtsmen and there will be technical people, and there may be some ordinary executive and clerical officers, each with a settlement of a different kind and with a different period of retrospection. Our method of doing it would not be to work out each individual Estimate, but to work out what actually happened over the Draughtsmen's group as a whole, and divide that up between retrospection and the total.

Chairman.] I thought the question referred to increases in remuneration as between numbers of people.

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Mr. *du Cann*.

66. I was not thinking only of this particular Class VIII Vote 6; I was thinking of the whole picture; and I think it is perhaps of interest to Parliament to know, in relation to each Supplementary Estimate, where there have been increases of staff and where there have been increases in remuneration, because I understand that one is controllable and the other is not?—I should have thought in principle one would know. (Mr. *Thimont*.) Yes. On the basis of our present arrangements, it would take some time to ascertain it; but in future there would be no difficulty. I do not think there would be any difficulty in showing, on the face of the Supplementary Estimate, the amount attributable to increases in remuneration and the amount attributable to extra staff. When you follow the amount through into the net provision required, you would have to take into account savings and the application of Appropriations in Aid, so you might run into difficulties in relation to the net provision now sought.

67. I was anxious to establish whether some breakdown was possible. Now could I go on to a second broad general heading? I find it very interesting to hear Mr. Clarke's replies to the point about retrospection in regard to this Vote on the subject of the Surveys, because here we have a situation where three years' money is being voted at once. There are really three points here. The first point is that it means, in effect, judging the position as a whole, that the Treasury never knows quite where it is, because it has an open-end position, because the control of salaries and wages does not depend on the Treasury and does not lie in the Treasury's hands. That, I take it, is so in general, is it?—(Mr. *Clarke*.) In negotiations with the staff, ultimately the matter may go to arbitration if agreement cannot be secured. Then it is completely outside our hands.

68. So that no Chancellor ever knows where he is in any one year; he might have to meet changes in wages and salaries which are not under his control. So the second point is this. In regard to this particular Vote, which is a very large increase—and Mr. Clarke has pointed out that there are others—to what extent is a situation of this sort

typical, where three years' pay Awards have to be dealt with in one year?—This would be rare. I have here the record of what the main elements are, if I may read them out: The Central pay settlement of 4 per cent. from the 1st January was not retrospective at all. There were various executive class consequentials to the executive class settlement in January, 1960, which happened during the year—Customs officials and so forth: those were made retrospective to October, 1958. That was in effect less than 1½ years. Then administrative class and consequentials including the scientific officer class—again operative from the 1st October, 1958. There was a Coleraine pay Award on the Higher Grades, which was operative to the 1st February, 1959; Technical Class and consequentials, arbitration, operative to 1st May, 1958; Draughtsmen and consequentials, operative 1st July, 1957 and 1st September, 1957; Works group, operative 1st August, 1958; instructional officers, operative 1st July, 1957. There were two cases going as far back as 1st July, 1957, the draughtsmen and the instructional officers; but the others were less far back than that. I would have thought that three years was pretty rare in this field.

Mr. *du Cann*.] Thank you.Mr. *Eden*.

69. Could I ask Mr. Clarke if the total of the £74 millions which he is talking about for this year and the £78 millions for last year is only the spring Supplementary Estimates and does not take into account the amount asked for in the summer or autumn at all?—The £74 millions is only this new batch, and we have had £149 millions more from the revised Estimates and the autumn Supplementary Estimates which are already through.

70. But some of these could have been for salary increases?—Oh, yes. One of the biggest ones was the Health Services one, which was the Pilkington Award: that was about £43 millions, and contained a large element of retrospection. The other big one, which was £105 millions, was the B.T.C. one, implementing the Chancellor's decision, taking the deficit from below the line. The Pilkington one was £43 millions, and that was entirely pay. On the actual totals, of course, the total Supply so far is £5,385

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millions, including the Service Departments. So that what we are here faced with is £74 millions plus the Service Departments' figures, which gives you a total of 1.6 per cent.; that is the amount that this lot of Supplementaries represents in relation to the total Supply that has been asked for.

Chairman.

71. Then turning to Class X Vote 4, which you put in Category C, about Family Allowances, you say in your note that it really arises from a decision of the National Insurance Commissioner which in effect altered the entitlement to allowances. Is there any intention of putting in the printed document that that is the origin of the Supplementary, in the main?—I do not see any reason why we should not. I think the technical reason is correctly stated on the printed document; that is an indication of the allowance which does result; but I do not see the slightest reason why that should not be brought to the attention of Parliament or of the public.

72. A reference to the Court ruling?—Yes.

73. So, when you are going through the proof, you might possibly add something?—Yes, Sir.

74. Is there any degree of retrospection about that Court Award?—No, it is only a decision by the Commissioner, which is really administrative law rather than actual law. I do not think this is retrospective at all. This is just a statement which defines what it means by an "apprentice's" earnings: "If he is not in receipt of earnings which provide him wholly or substantially with a livelihood", then the parents get children's allowance. It is now decided that if he gets 89s. 6d. per week in earnings, then he is not "in receipt of earnings which provide him wholly or substantially with a livelihood."

75. I see. Then the last one is Class VII Vote 1, in which in your description you say (it is a Supplementary of some £2 millions) that it is partly remuneration and also arising from the decision not to go ahead with the Blue Streak. Now, it is impossible without your note to understand that it has any bearing on Blue Streak at all. Is there intended to be anything added to make clear just what the effect is, and how is it an appropriation in aid which affects this—the

shortfall of £500,000 in appropriations in aid?—It is getting less reimbursement from other government departments in that case.

76. In other words, the shortfall on appropriations in aid is on Blue Streak account in the main?—(Mr. *Thimont.*) Partly, yes.—(Mr. *Clarke.*) I do not think you could say "in the main".

77. This brings up a rather bigger point. All these Estimates give a certain amount of detail down below, splitting up the total figure and giving very often an explanation for it. But no such break down process seems to take place in connection with appropriations in aid. But the effect of the net figure asked from Parliament may be greater than the addition for which the details are given. If the details of small sums are thought proper, how come that the details of the large sums are not given?—(Mr. *Thimont.*) The answer is that we break it down to the same degree as it is broken down in the main Estimate. I would expect to find that a figure is given in the main Estimate for reimbursement, and we merely repeat the detail showing the change in the figure.

78. Well, to take this particular case, we know what £1½ millions is spent on, we know what £46,000 is spent on, and we know what £5 millions is spent on; but we do not know what the £½ million shortfall arises from?—We do in fact split it by reimbursement by other government departments and reimbursement by the National Insurance Fund, so we do not attempt any further itemisation in the Supplementary.

79. Would it not be a sensible thing to show which department falls down on its expectations?—(Mr. *Clarke.*) I am not sure, Sir, that one could do this in regard to this particular subject. First of all, questions of security may come into it. The whole basis of Service and Ministry of Aviation Estimates being given in a block Vote is simply because of security considerations. It just happens, by pure accident in this particular case, that military Blue Streak was stopped, and so the secrecy argument fails to apply in this case, so we put it in here.

80. May I point out that on the £3½ millions or so which is expected from other government departments, if that falls down by £½ million, we do not even know that the Air Ministry was one of

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the ones—the Ministry of Works we are talking about?—Yes.

81. When a large sum of money like that causes a Supplementary, and where a department has failed to pay what it estimated it would pay (where there are grounds of security it might not be so, but I was thinking of the general principle of it), is there any reason why Parliament should not know the bigger sources of the shortfall?—On the face of it, I cannot see any real difficulty, unless there are particular circumstances, as there would have been in this particular case if it had not been for the particular Blue Streak complications.

82. But would you agree that some of these Supplementaries are caused more by a shortfall on Appropriations in Aid than by excessive expenditure by the department concerned?—Yes.

83. And if the details of the latter types of Supplementaries are given, it would seem reasonable to elaborate on the shortfall on Appropriations in Aid?—Where there was a large case and there were no other grounds for not expressing it, I would have thought that was right.

Mr. du Cann.

84. I should have supposed that, providing the name of the particular project was not given, there could be nothing against giving the name of the Ministry concerned, whether the amount of money involved was large or was small, because when one is examining the Ministry of Works Estimates one is looking at it from the point of view of the Ministry of Works, and just simply to show a shortfall of £½ million without even giving the name of the responsible Ministry, even if it was a small amount of money, does not seem to me to be satisfactory from Parliament's point of view at all?—We will certainly take this matter under examination.

Mr. Eden.

85. But is it not possible to get in any case in a printed paper that sort of information which here you have given us in Appendix B, because it does set the whole thing out so much more clearly?—We have given fuller treatment here, of course, than would be done in the Estimates generally. There is the question of the general scale on which these things are done.

Mr. du Cann.

86. I have one small question, and that is the question of travelling expenses. There is a note on the Supplementary itself: 3 (b) Travelling Expenses, where there is provision required to meet expenditure on travelling overseas. Does that mean that there has been more travelling or that the costs of travelling have gone up?—(Mr. Thimont.) There may be a little of both. In general, however, fares have gone up; the mileage allowances for vehicles for official purposes have gone up; and it is those two factors which have produced excesses on Sub-heads in a very large number of Votes.

Chairman.

87. Are there any points on this exercise, which has been done for the first time, which you think should be brought to the attention of the Committee which have not been already covered in the general points which you have made?—(Mr. Clarke.) I would like to mention just three points. The first point is this question of the division between classifications A, B, C and D. I think, following the meeting that we had last autumn about this, we treated D as a rather narrow class where specifically identifiable mistakes had been made, and anyone, I think, who had one in D would be regarded rather as culpable. Now, I think that a better division between C and D would be possible. I make a distinction in my own mind between things which are unknowable, which are really due to a change of circumstances—that is to say, for instance, where there is an outbreak of foot-and-mouth disease; that is what I call a change of circumstances; and on the other hand there are things like the number of people who will be eligible for a particular benefit, which one ought to be able to calculate in advance with a fair degree of accuracy. Now, in this particular paper we have really put both of those two in C, as a change of circumstances, because we regard classification D as rather derogatory—only where a mistake has been made. I should like next year to change the balance of this a little, so that you had a classification D which might include specific identifiable matters which were really estimating. The second point which occurs to me is really the question—again

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related to the salary subheads, which was a point raised at the previous meeting by one of the Members who is not present today—where in salary subhead increases there is a question of retrospection and so on, but there is also the question of the various departments concerned pushing up the fees and fines and charges of one sort or another that they make quickly, as soon as their costs rise. Here you are faced with a tremendous increase in pay in the course of last year, and I think it is very relevant to ask the departments how quickly they have reacted in putting up the prices of the things that they sell to counter-balance the increase in costs, and that seemed to us to be a general point running through a number of these Estimates which it was right to bring to the attention of the Committee. Then there is a third point, and that is that we have been doing some calculations ourselves on these figures showing the increases in each of the Votes. I mentioned some of them on the salary subheads saying that the average was 8·7 per cent. These figures are not uninteresting in some ways. On the total Vote itself, for example, we had 8 out of the 76 where the Supplementary is 25 per cent. of the previous Estimate. I do not know whether the Sub-Committee has done any calculation of this sort, but this gave an interesting list of Votes.

88. You have drawn this analysis based on the numbers of estimates, but have you done a similar exercise on the proportion of the £74 million which has gone up 25 per cent.?—We have not actually done that, but it could be done.

89. Because you may have a lot of very small sums which have risen by 25 per cent. but which does not total a lot of money?—Yes.

90. Perhaps we could have the benefit of your homework, if you could let us have a paper giving us the benefit of these calculations you have made?—I think so. This is not necessarily significant, of course. There is one case, for example, the National Galleries of Scotland, where there is an increase of 43·5 per cent. which is practically all due to a special grant in aid to buy a painting by Claude, £30,000, which is a very large sum; but, nevertheless, it did seem interesting to see which of the Supplementaries had gone up most.

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91. Yes. You will let us have that information, will you?—Yes, we will do so.

92. Yes?—I am afraid that we have not been able to put as much of that sort of thing as we wanted in the memorandum, because we have been up against a very sharp time-table.

93. Yes. That can easily come afterwards, and we can have that to look at before we come to write our Report?—Yes.

94. Now, on the Service Estimates, would there be any difficulty in the Service Ministries carrying out the same exercise as the Treasury, in collaboration with them, to see how far it is possible for them to put their Votes under A, B, C and D?—(Mr. Verry.) We did consider that, Sir, but I think we should find it very difficult because the Service Estimates consist of such a mixture of reasons. For example, in the Case of Vote 1 there is a substantial increase on the local overseas allowances. That is partly due to changes in rates and it is partly due to an unexpected variation in the number of married people and in particular in the number of married families who have gone overseas, and so I think we should find considerable difficulty in dividing that between the categories which have been set out.

95. Well, it certainly could not be A, could it?—No, Sir, that is true; it could not be A.

96. And I do not think it could be D?—Well, I suppose you might say that you ought to have been able to forecast to a certain extent the increase in numbers which has taken place.

97. I do not really see why it is more difficult for the 11 Air Ministry Estimates than it is for the Goodness knows how many Civil Estimates where it is going to be attempted?—You could do a certain amount of division, but I do not think that it would be particularly precise. It is true that in some cases—for example, in the case of Votes 3 and 4—you could allocate it practically all to the rise in wage rates.

98. Well, could we ask you to “have a go”, as the Treasury is going to try to “have a go”, to give us some broad signposts for the division of this £74·

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millions into the categories, even if it is not exact?—We will do our best to make an approximate breakdown, Sir.

99. And could we ask the War Office to do the same?—(Mr. Redman.) Yes.

100. Perhaps you would keep in touch with the Treasury to see that the criteria you use are comparable?—(Mr. Clarke.) I think if one restricts the exercise to direct wages and salaries that are paid, like pay of the troops and that sort of thing, it would be fairly straightforward to do; but as soon as you try to pursue this matter further and break it down there, then it becomes very difficult, and I think the difference between B and C, between policy and substance in the Services, is a difficult one to differentiate between, I would say.

101. Mention was made, for example, of the inaccurate estimating of the number of people travelling abroad, and this happened in the year before. Can you say why for two years running you have under-estimated the cost of that particular item?—(Mr. Verry.) Is it in connection with the local overseas allowances on Vote 1?

102. Yes?—The number of married men in the Force seems to have increased at a greater rate than was anticipated, even having regard to the previous experience, and, moreover, the number of married people who have taken their families overseas has also increased even in a greater proportion.

103. Is there any limit to the number of married people who are allowed to go overseas if they want to?—No, Sir. The only limitation placed upon them is that there should be adequate suitable accommodation for their families overseas, and also that the man shall have a certain minimum period still to serve when his family joins him.

104. So that if a man finds a home abroad, he can claim the proper pay for that, even if you have got more married people out there than you really want?—Yes, he is not restricted because of any ceiling in the number of married families out there.

Chairman.] What percentage increase does this represent?

Mr. du Cann.

105. Is it not something over 25 per cent.? £1.7 millions on £6.1 millions?

—Yes, but the increase is not entirely due to the increase in numbers; there have also been some fairly substantial increases in the rates of allowances.

106. Could I ask, on that item: is it possible to break down the difference between the increase in the quantum of the allowances and the other increase which is due to the fact that more people are now drawing them than before?—I do not think I could do that off-hand. I am not too sure that it would be possible to do that with any degree of accuracy, although I think it would be possible to get an approximation of it.

Chairman.

107. Are we to understand that this is a higher proportion of married men in the Forces, or a higher proportion of existing married men wanting to serve abroad?—It is both, Sir: first of all, we have a higher proportion of married people in the Royal Air Force, and it is also a higher proportion of the married people overseas who have their families with them.

108. I think the Committee would welcome a paper (we do not want to go into too much detail here) giving us a little more information to account for this approximately 20 per cent. increase in I.G.?—Yes, we can certainly give you a paper giving you considerably more information than I can give you now.

Mr. du Cann.

109. While we are dealing with this Vote 1, could we ask for a little more information on a number of these heads, because although the increase in the local overseas allowance is the greatest sum of money, nevertheless the increase in the education allowance is over 30 per cent., and so I think it would be helpful to the Committee if we could have a little more information under each of these subheads?—On the particular point of education allowances, the reason for the increase is that the number of Service children attending boarding schools has increased during the year substantially more than we expected.

Mr. Eden.] Would it not be possible to give that sort of information right from the start?

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Chairman.

110. The Treasury have been good enough to give us some explanations which are not at all self-evident from a reading of the printed document. We understand that this is the first time that this exercise has been carried out, but I think it would be helpful to the Committee if some of the points could be brought out, to make more clear the reasons for these increases?—Our trouble, Sir, was to decide which of the very numerous explanations you would wish to have without putting in an unduly voluminous document.

111. I think you may take it that the Committee is much more interested in the pluses than it is in the minuses?—We attempted to highlight the more substantial items in the memorandum.

112. There are six pluses and four minuses, and I think if the Committee could have a little more information on the pluses it would be welcome?—Yes, certainly.

113. Before we leave the Air Ministry, can you explain what is meant by a redundancy payment on a cancelled contract?—They are payments to the contractor which are made when we have to cancel orders for aircraft to reimburse the contractor for the expenditure which he has necessarily incurred on the construction of aircraft up to the time of the cancellation.

114. Is there any difference in the experience of the Army on this question of overseas costs and the effect on it of marriage?—(Mr. Redman.) We have something like the same experience as the Air Ministry, in that the number of married people overseas is rather more than we expected, and so we have paid more in overseas allowances; but the sums in our case are not so large as in the Air Ministry case.

115. Under which heading does this fall?—You will find the figure in Vote 1 Subhead K on page 3 of the printed Supplementary Estimates.

Mr. Eden.

116. This is a very different figure, in proportion, from the Air Ministry

figure?—It is an increase of £660,000 on Vote I Subhead K.

Chairman.

117. If you look at the stencilled document which you have sent us, Vote 1 is shown as plus £3,100,000?—That is the gross figure, Sir.

118. I beg your pardon, yes. I think the Committee would welcome similar comments on that point, namely, the effect of marriage and going abroad on your overseas allowances?—Certainly. (Mr. Verry.) Certainly.

Chairman.] Are there any more points?

Mr. du Cann.] There are quite a number of points, in looking in general at the Estimate, even allied with the short annexe which we have been given, on which it seems to me would be very helpful if we also had wider explanations. May I take it that we have in fact requested the Air Ministry and the War Office to give us a much more detailed explanation of all the items appearing in the Supplementary Estimates?

Chairman.] For the pluses, and not for the minuses.

Mr. du Cann.] Yes, I see. Then, pending that, I think it would probably be better until the other points which immediately occur to us wait until we have had an opportunity of looking at that more detailed information.

Chairman.

119. In case there should be any doubt. I should say that it is an amplification of the reasons for these figures that we want, rather than amendments to the practice in next year's Estimates?—(Mr. Redman.) You would like a more detailed explanation of those increases which are shown in the memorandum?

Chairman.] Yes. And we may want, before we write our Report, to ask some questions about the information which you will be giving us; we can only decide then. Now I think perhaps we ought to thank the Service witnesses for coming along and move on to the Treasury.

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[Continued.]

Mr. P. NICHOLLS, Deputy Establishment Officer, Treasury,
called in and examined.

Mr. R. W. B. CLARKE, C.B., O.B.E., a Third Secretary, and Mr. B. M. THIMONT,
a Principal (Estimate Clerk), Treasury, called in and further examined.

Chairman.

120. Now, perhaps we could spend a few minutes looking in a little more detail at this question of Government hospitality. Before we come to any explanation of the increase, can you enlighten us about this: for example, in the main Estimate for the year we are talking about and the preceding year there was £70,000 put down and some £30,000 spent in this way included in other Estimates, totalling £103,564. Are we to understand that this Supplementary now asked for of £35,000 is to increase the £70,000, without any change at all in the £30,000 appearing under other heads?—(Mr. Clarke.) Could I first of all introduce Mr. Nicholls, who is responsible for dealing with Government Hospitality Fund matters? I think the answer to your question is "Yes", that this relates to the work of the £70,000 of the Government Hospitality Fund itself in the ordinary way.

121. Then are we to understand that the other items, which total £33,524, are not the subject of any Supplementary Estimate?—There may be consequential ones here; for example, if the Exchequer and Audit Department has a Supplementary, that would be apportioned over the whole of the other departments and would alter this particular figure. That is to say, the Exchequer and Audit Department costs the work that it does in respect of other departments, and the share of Government Hospitality was estimated at £254. Now, if the Exchequer and Audit expenditure is increased as a result of the pay increases and so on, it would come out higher here.

122. We want to find out whether the real figure for Government Hospitality is £35,000, or something more hidden away in the figures under these other subheads. Taking the £19,000, is there a Supplementary under that head?—That is a figure in respect of accommodation used by the Government Hospitality Fund. This might increase, to the extent that Ministry of Works expenditure has increased generally, but it would not be related to Government Hospitality as such.

123. You see, £70,000 is two-thirds of the total expenditure, approximately, and we are dealing with a Supplementary on that two-thirds. Perhaps you would let us know whether we should regard the £35,000 as going up by a further figure in relation to the remaining one-third?—I am sorry. I think I have not been able to make myself clear. These figures in the Estimate, the £11,700 for the Treasury and so on, represent expenditure incurred by the Treasury, the Exchequer and Audit, the Ministry of Works and so on, on behalf of the Government Hospitality Fund. The Government Hospitality Fund does not pay those departments for those services; they are cancelled out as allied services. If the costs of the Ministry of Works have risen in the year, as they have, and they were doing a new calculation of what this would be, they would allocate more to the Government Hospitality Fund, but that does not appear as a new Supplementary Estimate for the Government Hospitality Fund; it would be part of the Ministry of Works Estimate which has been put forward. But these are notionally calculated figures; these are not cash figures. These are purely calculated figures of what the allied services are. They do not represent other expenditure on Government Hospitality; they represent services performed by the other departments for the Government Hospitality Fund.

124. Could you say why the Estimate is so far out?—Certainly, Sir. Perhaps I might just say a word to the Committee about the set-up of the Government Hospitality Fund and the subjects covered by it. It is a separate fund designed to provide hospitality for overseas visitors of ministerial status, and, as a matter of fact, also delegates from the Inter-Parliamentary Union, but it is guests of ministerial status. Now, the Minister of Works is responsible: he will be the Minister who will have to defend this particular Supplementary in Parliament; and he manages the Fund, and he is the source by which the expenditure is authorised. We in the Treasury account for the Vote, but we do not control the expenditure. But we keep

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in very close touch with Brigadier Macnab, the Secretary of the Fund, all the time. There is a background also in this field of increasing activity. First of all, there is an increasing number of Commonwealth countries and an increasing number of foreign countries. In the last five years the number of foreign countries has gone up by 25, and of course new Commonwealth countries are coming into existence all the time. There is an increasing number, frequency and size of Conferences of all kinds. In addition to which you have got a developing network of international contacts, all of which has its effect on the business of this Fund. The real problem that we are up against in this is the problem of estimating. You cannot tell in advance—nor even a year in advance, not even a few months in advance—how many visits there will be, what the duration of the visits will be, or how many people they will bring with them. Even when you have got the visitors into the country, you still do not know how much it will cost you. For example, we are now two months from the end of this financial year, and I think there are seven visits fixed between now and the end of the financial year which have been approved. But whether the people will come during the next two months or not, we just do not know at all. So that it is a very difficult thing to estimate in advance, even a short time in advance, and you really cannot do it a year ahead. So what we tend to do is to work on the previous year's figure—this is the way that seems to be the most sensible—and to keep a small carry-over. We do not like increasing the Estimate because, of course, that would make the departments which are really responsible for arranging the visits and so on feel perhaps that there was an easier situation. What has happened is that in 1956-57, 1957-58 and 1958-59 we had an Estimate of £55,000 for each of those three years. In two of these we had to increase that by Supplementaries. Therefore, in 1959-60 we decided to put the thing up to £70,000, and in that year that was about right.

125. Would you give us the Estimate and the Supplementary, if any, for the ones you have given?—The year 1956-57 was £55,000; 1957-58 was £55,000 plus £8,500 Supplementary; and 1958-59 was £55,000 plus £6,000

Supplementary. Then in 1959-60 we put in an Estimate of £70,000, and in fact they did not spend quite as much as that; the actual expenditure came out at £68,600 for that year. Now, for 1960-61, the year we are now talking about, when we came to fix the Estimate in January, 1960, it was known that there was going to be a pretty heavy year in 1960-61, because there would be a Commonwealth Prime Ministers Meeting, and it was known that there were three State Visits, but nevertheless we decided that we would stick to the same figure and try to carry through on that. As a matter of fact, of course, we could not do that, in the event. The various visits turned out to be more expensive than expected. There were three big State Visits: the visit of President de Gaulle, the visit of the King and Queen of Nepal, and the visit of the King and Queen of Thailand, and then there were two big Commonwealth Conferences, the Commonwealth Prime Ministers Conference and the Commonwealth Finance Ministers Conference

126. When were those five events known about?—At the time when the Estimate was fixed, it was expected that the State Visits and the Prime Ministers' meeting would take place in this period.

127. And those were likely to be more expensive than the routine practice?—Oh, yes, but you can never really tell. These visits often fall through due to cancellations and postponements. It was felt at the time that one should not for the second year running put up the Estimate. We put it up in 1959-60 from £55,000 to £70,000, and we just felt that we could not put it up again. It turned out that these visits—and one simply cannot tell what they are going to be like—were more expensive than we expected, and in the autumn it became clear that we should have to have a Supplementary.

128. You say they became more expensive than was expected, but there was nothing put in, so it could not be more expensive than nought?—Oh, yes; in saying that the figure would be £70,000, we had taken note of the fact that it was known that there were going to be these extra requirements incurred. There is quite a question here, as to what the right policy is: whether the right policy is to attempt to live on a reasonably even keel, and if you find that there are certain things happening which push the cost up, to go for a

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Supplementary; or whether to have a bigger figure and take account of these things in advance. We have done both. We have tried to hold it at £55,000, but we found that we had to put it up to £70,000, but we did not want to put it up again from £70,000. It did turn out to be a tight year, so that is really why we have this Supplementary.

Mr. Thorpe.

129. Is it possible to say the extent to which the increased expenditure is attributable to extra expenditure on known visits as opposed to the expenditure on unexpected visits?—I think this is a very difficult question to answer.

130. Is it possible to say which were the greater sources of expenditure, the extra expenditure which has to be met in regard to, say, the five visits which were known about; or is the main increase in the expenditure caused by a series of visits totally unexpected and therefore totally unprovided for?—I think the first. Those four main visits were, I think, in retrospect, bigger than we could accommodate within the Vote of £70,000. The reason why we stuck to £70,000 was on the general ground of trying to keep the level of the Estimate down. The biggest factor since then has been that those big visits turned out to be costing a good deal more than we thought they would at the beginning. If it had been known how much they were going to cost at the beginning when the Estimate was fixed, then we should have had to put in a bigger figure.

Chairman.

131. But it would be reasonable to draw the conclusion that at the time the Estimate was put in, on the information you had, a Supplementary was inevitable?—I would not go as far as that, because this is a very variable thing. We knew it would be pretty tight.

Mr. Thorpe.

132. The three State Visits you have mentioned, we are told, were known about in advance and had been budgeted for. Do we take it that they alone had the effect of overtopping the £70,000?—I think it was actually four which were known about—the three State Visits and the Commonwealth Prime Ministers Conference.

133. Did those on their own overtop the £70,000?—No, not those four things themselves.

Mr. du Cann.

134. Surely it would be possible, in view of the fact that Estimates were made for each individual visit, to make a list of the visits that were known and anticipated, and surely it would be possible to make a list of what each of those visits actually costs. One realises that one of the visits was the Finance Ministers Conference which could not have been foreseen, but the others were foreseen, and I think it would be quite possible to get out a figure to answer the question that Mr. Thorpe asked, or is it a fact that the figure of £70,000 was thought to be just about right and left at that?—The actual way in which this is done is that Brigadier McNab, who is Secretary of the Government Hospitality Fund, tells us what he thinks can be done. We knew at that time that there were these three State Visits and the Commonwealth Prime Ministers Conference, but we did not know exactly about their timing.

135. Yes, of course?—You never really know in this field. We thought that we might just get through, but it would be wrong to say that one costs every one of these items in advance and works it all out, because experience has shown that that is not a very practical way of operating.

Chairman

136. But if someone says: "We might have another Commonwealth Prime Ministers Conference next year. If so, what will it cost?", is it a simple thing or is it difficult to answer that question?—We have a fair idea of what a specific thing of this kind would cost, where we have previous experience of it, but even so, taking the Commonwealth Prime Ministers Conference now as compared with, say, five years ago, it is immensely difficult. You cannot tell how many people will come, and when they do come you cannot say to them: "Sorry, but we have only allowed for so many."

Mr. Thorpe.

137. Surely in regard to a State Visit we always know what will happen at a State Visit, and surely it must be possible to work out with a fair degree of precision the likely cost of each State Visit; and surely there could not be a very great variation between one State Visit and another. So must not there be some

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figure for State Visits which would be constant, and would it be possible to know what that is?—I am afraid I cannot answer that question because in fact the variation is tremendous.

138. It is enormous, is it?—It is enormous. It is not a matter of what is done; it is a question of how many people there are in the operation, how long the visits last, and what they do. It is not only a question of the visit itself; it is the whole operation; and it does vary very widely as between one occasion and another, and the variation is of a character which it is quite impossible to control in any way, and indeed it would be rather derogatory to try to.

139. What I am wondering is this. When Brigadier Macnab gives an indication to the Treasury of the number of visits he is expecting, does he indicate the suggested variation of the cost? Does he say: "We are going to have King So-and-so over here for a visit. We do not think that will be unduly high", and so on, or does he leave the Treasury to fix some global figure?—It is not within his power to give an indication in advance. It is not anything to do with him that the variation takes place.

140. He would not be possessed of the knowledge?—Nor is it anything to do with the department which has spoken to him.

141. But who would have that knowledge?—Nobody—until the thing actually happens.

Chairman.

142. So when it is known that some foreign ruler is coming, the variation in cost might easily be 25 per cent. difference?—Oh, much more than that, and it does vary tremendously according to the actual circumstances.

143. You were saying that, notwithstanding the likelihood of added expenditure as more people are coming into the hospitality field, you decided to put in the same figure. Are we to understand that if you are going to be wrong you would rather put a Supplementary in than have something left over?—Well, I think this is a question on which we have to make up our minds in each case.

144. But what is the Treasury policy on that? Which is to be preferred if

you have to err on one side or the other?

—I am sorry not to answer Yes or No, but I think we try to keep a level of grant and adjust that grant from time to time in accordance with the experience, but we do not like to go increasing the grant in advance of a need to do so. If that happens, we prefer to take a Supplementary, but if we had had the accounts of all the visits this year in advance, we should have put in a bigger Estimate at the beginning. However, we did not want to anticipate that until we were forced to.

145. But would you expect to have a lower figure for next year?—It depends on what the programme is.

146. Less than £100,000, I mean?—Well, the scale of this work is growing fast.

147. Can you give us any information about this year—for example, that a comparable function costs so much per cent. more than it did so many years ago?—It is not the price figures; it is the fact that there are more visits of this kind going on, as a result of the increased number of countries, the greater ease of travel to conferences and so on.

148. So that the actual costs are not significant?—The actual rise of prices must affect it to some extent, but I do not think it is a vital element in it.

Mr. du Cann.

149. I have not understood who was responsible for preparing these Estimates in the first place. Was it the Secretary of the Government Hospitality Fund—who, I take it, is an official of the Ministry of Works, is he?—No.

150. He is in the Treasury, then?—No, he is an independent person; he is Secretary of the Government Hospitality Fund.

151. Does he come under the auspices of either department?—Well, technically he is employed by the Treasury.

152. But who is responsible for the original Estimate preparation—the Treasury or the Ministry of Works?—My understanding is that the Secretary makes suggestions to us, with the consent of the Minister of Works, and then we put in an Estimate. We are responsible for the Estimate.

153. You are responsible for the Estimate, but the actual preparation is done

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in the first place by the Ministry of Works?—No, not by the Ministry of Works at all. The Minister of Works is the Minister who is responsible for the Government Hospitality Fund, but the Ministry of Works as such has no *locus standi* in the matter at all. The Minister of Works is operating as a private individual in this matter. He is the Minister who is responsible for and in charge of the Fund, and his officers do not come into it at all.

154. So it is the Secretary of the Fund dealing direct with the Treasury, but the Minister of Works takes the responsibility for submitting this Estimate to the Treasury?—And for authorising the expenditure. If, for example, there is a question of a Conference to be held—supposing the Board of Trade are holding a Conference on some matter and want Government Hospitality money used for it, then it is for them to get in touch with the Minister of Works and get his authority.

155. Could I ask whether Mr. Clarke thinks there is any sense in the Minister of Works having any responsibility in the matter at all?—Well, I think it is absolutely essential for a Minister to be responsible in this field, because it is eminently a political subject. We are dealing here with the entertainment of visiting Ministers, normally by Ministers in this country; so it has to be Ministers. We do not like, in the Treasury, the Chancellor being a Minister responsible for spending. It is always an awkward position for the Chancellor to be spending and controlling expenditure at the same time. We do it on some things, but it is not a thing that we want to do more than we can help. The point of the Minister of Works having this task is partly a historical one, because in 1908 the Commissioner of the Office of Works, as I think it was called then, was a man who was very suitable for this job; and also in the holding of these Conferences they have a big rôle to play. For example, when President de Gaulle came over here, all the decoration of the streets was done by the Ministry of Works, so it is not unnatural that the Minister of Works carries ministerial responsibility for this particular function; it fits in well with his functions. You cannot have one of the overseas departments, because they are the people wanting to do the entertaining. So it seems to me that the

Minister of Works is the most reasonable Minister to do it.

Chairman.

156. Arising out of that, if what you say is logical, would it not follow from that that the Minister of Works should have complete control and the Treasury could have no more than their normal control in the matter?—This would be the logical way of doing it. It was suggested some years ago, I think, in the Public Accounts Committee's discussion on grants in aid, or the Estimates Committee. They did take the grants in aid and we in fact considered the question of whether we should transfer the grants in aid to the Ministry of Works, but the Minister of Works at the time felt that the Estimates responsibility was so difficult, the problems of getting a proper Estimate were so impossible, that he felt the Treasury ought to take over that responsibility itself, and that a normal Finance Branch of a normal department could not carry through Estimates of this kind.

157. The argument being, I suppose, that it is all right to whip the Treasury, but the other departments ought not to be whipped?—Well, the Treasury is the last resort.

Mr. Leslie Thomas.

158. Who decides that amount shall be spent on hospitality? For example, in the Commonwealth Committee does the Secretary of State for the Colonies say "They have to be entertained"—?—If it is a really important occasion, then it will probably be a meeting of a ministerial committee set up to deal with the arrangements for this particular occasion, and probably the Minister of Works would be in the Chair at that meeting. If it is a less important occasion, then the Minister in charge of the department which is in the lead will go to the Minister of Works and say: "This is the sort of thing that we want", and he will authorise it, or not as the case may be.

Mr. Eden.

159. But surely he will finance the particular visit out of his own Vote? Does not each department have a certain amount of money available for this specific purpose?—Not, I think, for this purpose. (Mr. Nicholls.) No, I do not think so.

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160. For example, I think there is going to be a small meeting of a committee of the Council of Europe taking place under the auspices of the United Kingdom branch, and the cost of entertaining these people is going to be borne by the United Kingdom representatives, and the money is being made available by the Foreign Office for that purpose. Now, that is not Government Hospitality in the sense that a minister is not involved, but it is United Kingdom hospitality and is financed by the Foreign Office?—There are some things that they do, but the particular characteristic of the Government Hospitality Fund is that it is for visitors of ministerial status, and in that particular case that you are referring to, unless you had got M. Spaak, for example, coming, the Foreign Office would not be able to get the Government Hospitality Fund to put up the money for that. It would not correspond with the practice and the way that the Government Hospitality Fund operates. This is kept very narrow. You never have a function in this country, for example, in which an official is in the Chair; it will always be a Minister in the Chair, and if it is not important enough for a Minister to be in the Chair then it will not get Government Hospitality Fund money.

161. Say a cocktail party at Lancaster House?—Yes.

162. Can we know what it costs to run Lancaster House, for example?—This would be known, but it would not be known on this Vote. I think perhaps it would be on the Ministry of Works Vote.

Chairman.

163. Do we understand, then, that none of the £70,000 is paying fees for the use of Lancaster House?—Yes.

Mr. Thorpe

164. Does it come to this, that no decision can be taken on the scale of cases to be charged against the Fund unless the Minister of Works has given approval?—That would be so in all important cases; there are some cases in which Brigadier McNab has authority to do it himself.

165. In fact that is a delegated authority?—That would be a delegated authority, fundamentally.

166. So that, apart from the understandable wish to “pass the buck” to the Treasury, there is no technical reason why the Minister of Works should not be made responsible for every stage of the proceedings from the estimating to the spending?—I do not think there is a technical reason. The reason which has been adduced before is that the work of estimating in this field is so impossible that for an ordinary departmental finance branch this would be extremely difficult work to do, bearing no similarity to their normal work.

167. And is this true of no other estimating department?—Well, these are matters of degree, of course.

Mr. Leslie Thomas.

168. You have said it is only used for the Ministerial level. What do you call “Ministerial level”?—I think in this case I would say: Ministers in the governments of foreign countries, and members of Inter-Parliamentary Union Delegations rank as coming under the Government Hospitality Fund. We have about four of those occasions in the year. And that is pretty well all it would be. For example, the head of a Nationalised Industry abroad would not rank if he came to this country; I imagine M. Spaak, as Secretary-General of NATO, would rank.

Mr. Eden.] I was wondering if it would be possible for us to be given, for the years 1958, 1959, 1960 and the current year, a list of those visits which have attracted Government Hospitality from this Vote. If it is a fairly limited field, would it not be possible to have a comparable list for, say, the last three years, so that we could see exactly who are the sort of people who get entertained under this Fund, and what difference there has been in the number of visits, particularly as between 1958-59 and 1959-60, when the Vote was increased by £9,000 to a basic figure of £70,000, and how this has leaped up by this further Supplementary Estimate in this current year? That would give us a clear indication as to what the variations are, by detailing the visits which have taken place, and we could see that a visit in a certain year had been very much more important than in a previous year, such as the head of a big country like President de Gaulle visiting this country, rather than the President of Peru's visit. It would be possible in that

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case to detect the feeling running through it. Would it be at all practicable for us to have that information, and would it be of any use if we could get it?

Chairman

169. Could you see very much difficulty in getting that information?—(Mr. Clarke.) I think there are two points there. The first point is the question of whether it is desirable for a list of that sort to be published; that is to say, there might be a question of one wanting to put it forward as a closed document on this; whether it is going to be published is a matter one would have to think about. I do not want to say Yes or No at this stage, but there is a question of propriety involved in it. The second point I would make is that you would not be able to have the year 1960-61 in the total, because we do not know what visits there will be in the year 1960-61, but you could have a list of many of them. I very readily take the idea behind the other question, but the cost of these visits does not necessarily bear any relation to the importance of them.

Mr. Thorpe.] I do not really think this is an obstacle. One could say that during the year "X" there were 4 visits, Visits A, B, C and D, which are not necessarily chronologically related to the order of the visits; they cost £10,000, £97,000, £16,000 and £18,000, with the estimated increase put alongside them. Then we might ask how the particular figures were arrived at without particularly wanting to know which State Visit was involved.

Chairman.

170. I think the important thing is, not so much why it has become necessary for the 40-odd per cent. increase in the Estimate, for the three years, £60,000, £68,000 and £100,000—it is an account of the main items involved in this Fund, resulting in a trend of that order which would be of great interest to the Committee?—I think you

might possibly leave it to us to produce such a document as we thought would be useful to the Committee; but it is a matter about which we have to be a little careful.

171. I do not think the Committee is interested in knowing whether Mr. "X" or Mr. "Y" was the justification for a charge on the Fund, but to see whether the number of functions seems necessary. I do not know if you could give us a little more information in that way?—I think so, yes, Sir.

Mr. du Cann.] I would like to know a little more about the method of estimating, because one rather has the feeling that the figure of £70,000 was just put in because it was £70,000 last year, and whether it would be possible, in that same memorandum, to throw some light on the way the Estimate matches up, I think that would be also very interesting to the Committee.

Mr. Leslie Thomas.

172. Does each department have its own hospitality fund?—Some of the other departments have their own entertainment arrangements.

173. So if they perhaps exceeded it in one year, could they come on to this Fund?—No, Sir, because this one is in a different category. I do not think it could arise that if the Foreign Office had not enough money in its own Vote, it would then go to the Government Hospitality Fund. It is more likely to be the other way round, that it would go to the Government Hospitality Fund and be turned down and then have to see whether it could work it in on its own Vote. This is really a rather separate and select sort of hospitality.

Chairman.] Well, I think we shall be able to see how much we want to explore the document by question and answer after we have seen the document, so the sooner you can let us have it the easier it will be. I think we had better stop at this stage. Thank you very much, gentlemen.

WEDNESDAY, 1ST FEBRUARY, 1961.

Members present :

Sir Spencer Summers, in the Chair.

Mr. du Cann.
Mr. Eden.
Mr. Marsh.

Mr. Leslie Thomas.
Mr. Thorpe.
Mr. Turton.

Sir EDWARD MUIR, K.C.B., Permanent Secretary, and Mr. T. BROCKIE, Under Secretary, Finance, Ministry of Works, called in and examined.

Chairman.

174. We are wanting to know rather more about this £1,200,000 Supplementary Estimate, and one very big item is A.1 which according to the figures has gone up £1,728,000. Would you elaborate a little on that and tell us why it is necessary to have a large list of properties which cannot be put in presumably when the original Estimate is compiled?—(Sir Edward Muir.) The basic reason for this Supplementary Estimate is two major purchases of property. There are two other large ones which it might have been possible for us to carry on the Vote, though I rather doubt it, but the principal reason for asking for this Supplementary is the first item on the list on page 3, item 21, £860,000 for acquiring the major freehold interest in the site for the new National Library, and the item which appears at No. 141 on page 5, £401,500 for acquiring the St. Stephen's Club. The other two purchases are item 44, the purchase of property in Chancery Lane, £79,000, and item 147 (again on page 5), the purchase of a building at Southampton for £165,000. Those four together add up to £1,505,500. The total of the Supplementary for which we are asking at the end of the day is £1,215,000. Of those four, the purchase has in fact been completed (with Treasury approval, of course) and the money paid in the case of the Bridge Street purchase, and it is in relation to that that the advance was made from the Civil Contingencies Fund as noted on the bottom of page 1. If it were not for the first two, namely the British Museum site purchase and the Bridge Street purchase (the St. Stephen's Club), I do not think we would have asked for a Supplementary Estimate. However, if one asks for a Supplementary Estimate, it is the established doctrine (so I understand) that one must

take into account everything else that has happened in the course of the year on the Vote to which this Supplementary relates which, if it had been clearly foreseen, would have been reflected in a different way in the initial Vote.

175. Could I just interrupt you for a moment? I think we will get on better if we concentrate for the moment on the four items you referred to, and then come on to the other bits and pieces. Could you tell us, for instance, why none of these four could have been in the original Estimate?—The National Library site purchase and the Chancery Lane purchase were in the original Estimate with a token figure of £1,000 against each. The reason for that was that it was not certain whether in fact the purchase would come to fruition in the particular year: negotiations are long and complicated in big cases of this sort. And, secondly, in one of the cases, at any rate, it was not awfully desirable to put in particularly accurate figures even of guesses as to what we would have to pay in the end. The first reason, of course, is the major reason why they were put in this way: the uncertainty as to whether they would come into payment. It is not, I think, regarded as desirable where there is as much uncertainty as there was in these cases to do more than we did. We had an understanding with the Treasury in both these cases that if in fact that happened which has happened, they would support us in asking for a Supplementary Estimate. In the case of the St. Stephen's Club, that is something which arose only during the year; that is not to say that we had not been considering this whole proposition of acquiring the property in Bridge Street. Indeed, I think that the announcement was made in the House that we were doing so before the beginning of the financial

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[Continued.]

year. But it was quite unclear at that time how the thing would develop. It was only in the course of the summer that the St. Stephen's Club, who had themselves been refused permission by the L.C.C. to develop, asked us to buy the property. Having asked us to buy the property, they were extremely anxious, for their own reasons, to have payment, once the price was agreed, within the financial year; in fact, by the end of December, I think it was. So that was what was done and how that one arose. The fourth case, the Southampton case, is one where we had for a very long time been extremely anxious to find suitable accommodation for rehousing, I think mainly various Inland Revenue departments, in Southampton. We had not been at all successful in finding a building of the size which would be needed and the matter was becoming very urgent because people were working in really rather disgraceful conditions. Also we were paying very high rents. The offer of this newly put-up building came along quite unexpectedly in the course of the year. That is the sort of case which we would normally carry (again of course with Treasury authority) on the provision for urgent unforeseen works.

176. You tell us that the facts of at least two of these items, the British Museum and Chancery Lane, were known at the time but it was thought proper to put in a token figure. Apart from the effect on the negotiations of a figure appearing in the Estimates, what degree of error would you expect might arise in practice if you put in the full figure rather than the token figure and knowing it was going to be out by the best part of £1 million when it all came out in the wash?—That we could, of course, have done. The result of that, if in fact these purchases did not go through in the year, would have been either that our Vote would have been underspent to that extent or that we should have had a bit of leeway on this very large Subhead for carrying excess costs on other schemes which had gone faster than was expected, or something of that sort. In other words, it would have been giving ourselves a margin of cash on the Vote which may or may not be a good thing to do, but this is not the way we usually do it. We usually

do it by taking a provision for urgent unforeseen works.

Mr. Turton.

177. I am not absolutely clear on this National Library item. You said that you were not certain when the Estimates were prepared what was going to be the total cost for the work?—We were pretty certain what the total cost would be. We were not at all certain we would be able to spend the money; in other words, that we would reach the point where the conveyances could be completed within this particular financial year.

178. Why put in the £1,000, then?—In order to draw Parliament's attention to the fact that we were in fact proceeding with this particular business of buying land. There is plenty of other land to be bought in connection with this purchase. It is necessary for us to have some provision on the face of the Estimates. I rather think that next year we shall do the same thing again. It may well be that we shall find ourselves in a position to make further quite substantial purchases in the course of the next year.

179. But in fact you had spent in the course of the previous year a sum of £76,575?—We had spent something of that order in previous years on buying land that happened to have become available in the market.

180. In respect of this particular National Library site?—This particular National Library site covers an infinity of interests; I think there are about 1,200 we have got to acquire in one way or another. The reason for this very large sum of £800,000 is that there is one very large freehold interest concerned, and a great many leases depending on that freehold. We are in a position now to acquire that particular freehold. We shall be acquiring other freeholds and leaseholds and so forth as they become available over the years. It is a very large operation; it is a very considerable chunk of properties we are buying.

181. In the last Estimates you put in to inform the House that the total amount you were going to spend upon this particular item was £1,922,425?—That is our estimate of the total.

182. So really the Supplementary is due to a change of judgment by you

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[Continued.]

as to what part of that is coming in this financial year and what part is coming in the future financial year, is that right?—I would not exactly say a change of judgment. We always knew that some of it might come in this financial year, but we were certainly not sure enough to take the full provision in this financial year. It is a change of judgment to that extent.

Chairman.

183. If the negotiations had taken a bit longer and you could see they were likely to be finished up in May or June, would you, judging from normal practice, put the full amount that you could by then foresee in the Estimates for the coming year?—If negotiations had reached the stage that you suggest, I think we almost certainly would, because the price would be fixed by then.

184. Whether you put in a token or a good shot at the cost depends on your certainty of the expenditure falling in a particular year?—When we are dealing with a rather special case of this sort where we are acquiring, as I say, a very large number of interests in a particular site over a period of time, yes.

Mr. du Cann.

185. Is it your normal practice and policy, whenever you are able to put a definite figure in, to do so?—Yes.

186. Without exception?—Without exception.

Mr. Turton.

187. When we are talking about £1,922,425, is any part of the Supplementary Estimate now before us due to a change of assessment as to what that contingent figure will be?—I do not think so, no. That is, as you say, a contingent figure. It sounds awfully precise; I do not think it is really as precise as that.

188. It goes down to £5?—Exactly. It is based on the best assessment which our own people and the district valuer can make of what we should have to pay.

Chairman.

189. Could you remind us how much you put into the original Estimate for contingencies of which I take it this is a part, is it?—No. We have in the original Estimate a figure of £350,000 for urgent unforeseen works;

that is on page 46 of the Class VII Estimates. We would not reckon normally to use any part of that for works which were in fact included on the face of the Estimates.

190. Even for tokens?—Even for tokens. Where we had included a token figure on the face of the Estimates, we would regard it as our duty if the thing hurried itself up, as it has in this case, to ask Parliament for a Supplementary Estimate.

191. Then this unforeseen figure relates to those which were not taken and completed in the year?—Yes, that is right, such as the Southampton case which is one of the four.

Mr. Turton.

192. Are you going to show a shortfall on urgent unforeseen works?—Yes.

193. Can we be told how large a shortfall it is likely to be?—It might not have been so much of a shortfall if it were not for this Supplementary Estimate because quite a number of these schemes here, these comparatively small schemes and some of the larger ones, are in fact works which would if we were not taking a Supplementary Estimate have gone ahead as a charge against the urgent unforeseen provision and would have appeared on the face of the Estimates next year.

Chairman.

194. There will be certain items which had a token figure in the original Estimate and which will be completed by the end of the year. Will those form part of these Supplementaries? Are some of these Supplementaries of that type?—Leaving aside the four major cases, the other cases here fall into three categories, I will give you the numbers. There are fourteen of them which are strictly urgent unforeseen, that is to say, cases which could not have been or at any rate were not foreseen at the time when the Estimates were finalised and which are urgent and have come along in the course of the year.

195. Before you get down to any other category, do we understand that if there had not been a Supplementary on account of the four big items you would have taken them out of the £350,000?—Yes, Sir.

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[Continued.]

196. And how much is the value of those fourteen items?—We have got them in categories—

197. Perhaps the arithmetic can be done while we continue?—Of course, that includes the Southampton job which is a big one.

198. I see. Then another category?—The next category is a slightly theological one, if I may put it that way, and there are seventeen of those. For the purpose of preparing our estimates everything which, when the Estimates come finally to be settled, is expected to cost more than £10,000 appears on the face of the Estimate. That is why there are these pages and pages and pages of jobs, some of them comparatively small jobs, in the Estimate. If it is not expected to cost £10,000 it is a charge against the provision, again on page 46, just above the other one, of £1,350,000, for works costing between £50 and £10,000. I am told that in the programme for this year, which this particular figure of £1,350,000 covers, there are just under 3,000 works, individual works, included. Some of them, of course, are quite small; others are running up close to the £10,000. My second category are seventeen of these 3,000 jobs which for one reason or another in the year have run just over the £10,000 and therefore qualify for appearance on the face of the Estimates. If we had not in fact been taking this Supplementary Estimate we would have paid for those jobs from the Vote and those of them that run over into next year would have appeared as works in progress on the face of next year's Estimates. The reason for these seventeen is simply that through the normal accidents in such cases, changes of mind, rises in cost here and there, sheer under-estimating sometimes, these seventeen jobs have in fact come out above this rather arbitrary line rather than below it. I have not the slightest doubt that at least seventeen other of the 3,000 have gone the other way. We are dealing with an enormous amorphous selection of jobs in all parts of the United Kingdom here. That is my second category.

199. Before we come on to any other category, are the figures alongside these seventeen works in this Supplementary List that amount by which each exceeds £10,000 or the total project?—The total project.

200. So the effect of the addition of those seventeen is to reduce the £1,350,000 because it has been provided in the Supplementary, is that correct?—Yes, that is so. The effect of that is to reduce the £1,350,000.

201. I think this is the moment to ask for the reduction of the £350,000 for the first category. Perhaps we might know the answer now?—(Mr. Brockie.) Excluding Bridge Street, £300,000 is the provision, of which £165,000 is the Southampton scheme. (Sir Edward Muir.) The one big one. (Mr. Brockie.) The one big one is £165,000 and the others total £135,000.

202. Could we have the total of the seventeen items which are going to come out of the £1,350,000?—I will have to add those up, I am sorry, Mr. Chairman.

Mr. Turton.

203. While the addition is being done could I ask Sir Edward to reconsider his last reply and take, for instance, 114 of A.1? It says there "Total Estimate, Works Services £17,300", and you are asking for a Supplementary of £16,000? It would appear at first sight from that that what you are asking for is the excess and not the total?—(Sir Edward Muir.) No, what this means is there is more to come next year. The £17,300 is the total cost of the job. I am asking for £16,000 this year and I shall take £1,300 in next year's Estimates.

204. And it means therefore that what you are suggesting in that case is that this was not your theological category?—This is one where something, I expect, went substantially wrong, if I may look and see.

Chairman.

205. This was originally expected to be under £10,000. It is now going to be over £16,000?—This is an urgent unforeseen one, one of the ones that came in under the first category.

Mr. du Cann.

206. Would it be possible to ask Sir Edward to give us the numbers in this category of unforeseen items?—Yes, I will. The unforeseen fourteen are 105, 110, 113, 114, that is the one we have just been discussing, 115, 124, 131, 132, 135, 136, 137, 139, 141 is the Bridge Street purchase, it is down here as unforeseen, and 147, which is the Southampton purchase. Would you like the numbers of the minor works?

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[Continued.]

Chairman.

207. I take it by minor works you mean the seventeen which have stepped over the £10,000?—Yes.

208. Please?—102, 103, 104, 106, 107, 108, 112, 117, 118, 119, 120, 121, 122, 123, 128, 130, 140.

209. Now, just to test the system so that we are quite certain we understand it correctly, 128 was an item that was originally intended to cost no more than £10,000, is that right?—That is so.

210. It is going to cost £28,000 and you want to spend £24,500 of it within the current year?—That is so. This is a curious and interesting one. This is a case where the Americans supplied the Department of Scientific and Industrial Research with certain important equipment so that they could set up one of a chain of stations to track and receive information from satellites. The equipment was supplied by the United States National Aeronautics Space Agency. Our part in this—which came along at pretty short notice and in which there was considerable pressure because the Americans were anxious to deliver the equipment and have it set up as part of the chain—was to put up a building and provide the supports and pillars and various site services. Quite frankly, when this was put in as a minor work we had not the slightest idea what would eventually be involved because we had not seen the equipment and we knew nothing about it. It was the best guess that could be made on information which was received at that time from the Americans. That is one which of course has gone right outside the range of the minor works and would have appeared on the face of the Estimates if the information had come in time.

211. Might we know the total for the seventeen now?—(Mr. Brockie.) £85,700.

212. There was a third category?—(Sir Edward Muir.) My third category, I am bound to say—I do not think there is anyone from the Treasury present—is cheating. When a work appears for the first time on the face of the Estimates as a proposed work we have no authority to start on that job until the Appropriation Act has received the Royal Assent. In other words, a job may appear as a proposed work in the Estimates, it may even be debated in the House, but until

the Appropriation Act receives the Royal Assent, which is usually not until the end of July or even early in August, we cannot—except in quite exceptional circumstances—start work on the ground, or, indeed, start spending money. The Treasury have power in really urgent and exceptional cases to authorise us to anticipate Parliamentary authority in such cases. We very rarely ask them to do this and still more rarely do they let us, because, of course, it is and ought to be a wholly exceptional measure. For this reason, when we are preparing the Annual Estimates, if we know that not in the year to which the bulk of the Estimates relate but in the year which is to follow immediately on that year there is a scheme on which we are likely to want to get away to a flying start in April, we include in the Estimates for the current financial year a small, usually quite token, sum, putting the job as a new work with the provision of £100 or so. That is sufficient to draw it to the attention of Parliament, to get it into the picture and to enable us to do the necessary preliminary preparations, so that we can get away quickly in the new financial year in which we would have taken full provision for this. That is a very old-standing convention and it is not that to which I am referring as cheating. It is something that has always happened and it is something which I am sure the Sub-Committee will agree is, provided Parliament is under full notice, a perfectly reasonable arrangement. Now, in the course of the year, not unnaturally, preparatory work goes on more quickly on some jobs, other considerations arise in other cases, which make it at any rate highly desirable that we should be in a position to make an early start with them in the new financial year. My remaining category of sixteen cases are cases of this sort. Why I refer to this as cheating is that if we had not been asking for a Supplementary and while there were possibly one or two—there is one in particular—where I think we should have asked for authority to anticipate Parliamentary authority, for the rest we would have bitten on the bullet and waited until August, but as we are taking the Supplementary the Treasury felt that it was only right that where we were aware of such cases we should put them in with a token provision so

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as to get them on the face of the Estimates in the current financial year and to enable us to start work early in the new financial year instead of waiting until after the passage of the Appropriation Act. I can give you the numbers of those. (Mr. Brockie.) The total amount is £1,800. (Sir Edward Muir.) These are all token provisions, of course.

213. Those which are not in one of the other two categories are in this one? —Yes.

Mr. Turton.

214. Could we have the number of each for the total? We know there are fourteen in the first and seventeen in the second category?—There were sixteen token provisions only, the ones I have been speaking of, and fourteen urgent unforeseen, seventeen in the minor works category.

215. Could I ask Sir Edward why it is that this year he has 47 new works supplementary whereas last year he had two?—I think the answer to that is that I am afraid we had two Supplementaries last year and in the first one there were ten of these jobs. Because that was a summer Supplementary there were none of the token jobs.

216. My question was really inaccurate. It ought to have been, why are there 47 in which you have made mistakes in various ways whereas you only had twelve previously?—That is true. I do not accept we have made mistakes.

217. You have had to change your Estimate?—We have had to change our Estimates. I think part of the answer to that is that in approving the form of the Estimates we of course do what we are instructed to do by the Treasury, and the Treasury have themselves been more insistent on every single case of this sort being chased out and put in recently. We have no record there were any others; it is just that it has happened this way this year.

Mr. Marsh.

218. I wonder if I might ask one question to clear my own mind? I understood, Sir Edward, that there are sixteen of these items which were included because there was going to be a Supplementary Estimate anyhow?—Yes, that is so.

219. And that although these constitute a token amount of £1,800 obviously the real amount would be considerably more, presumably?—Oh yes, indeed.

220. I am not quite clear in my mind, as a newcomer to this Committee, how this happens. If you ought to proceed with sixteen different works then I would have thought one should have attempted to proceed with these at the best time, and if you did not want to proceed with these sixteen different works it is difficult to understand why you suddenly come in with them because there is a Supplementary Estimate?—I think the answer to that is that we have this opportunity of making the necessary provision, token provision, so as to enable us, in fact, to do precisely what you have suggested: to do the work at the best time. For example, there is item 105, the conversion of British Museum boilers to oil-firing. That is a complicated sort of job, it is bound to be. It involves two new boilers and converting the other two and generally making a mess, and, of course, more important, it involves putting the heating system of the British Museum out of action. It is therefore highly desirable that that work should be spread over the non-heating seasons, the summer seasons, of two years. We want to make a start this year, and if we had to wait until August it would not give us a very long time to do what we would like to do before the heating has to come on again, probably at the end of September or the beginning of October.

221. Forgive me if I am being particularly obtuse on this, but is not the position that though this is clearly the time to get in a token Estimate you would not have had a token Estimate in if there had not been a Supplementary Estimate on other issues?—That is perfectly true.

222. This brings me back to my point: I still cannot quite understand why, if this is the best time to start on this now, the decision as to whether to start on it now or not is dependent upon asking for a Supplementary Estimate for something else of no connection?—Because this is something which has come forward rather more quickly than we thought it would. If we had known this situation was going to arise we would have taken token provision in the original Estimate for this year.

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[Continued.]

Chairman.

223. I think the point is, if I may reinforce what has been said, if the case for starting in May is so strong, would it not be right to come forward for the Supplementary on that account alone if necessary, rather than adding it on as a token in a Supplementary for other reasons?—It is a matter of degree. There have been cases where we have done precisely that, come forward for a token Supplementary in order to enable us to get ahead quickly. I do not believe this particular case falls quite into that category. It would be inconvenient and it is a case where in fact we might have asked for anticipation. This is simply a question of degree and judgment, if you like. There have been occasions when we have asked for a Supplementary precisely for that reason.

224. There is another aspect of this part of this story which I would like to ask about. You tell us it is your practice to put in a token at the beginning of a financial year if you cannot be reasonably accurate as to how much would be spent in that year?—That, if I may say so, Mr. Chairman, relates, I should say, almost entirely to the site purchase, which is what we were talking about.

225. The time lag between the presentation of an Estimate and the end of the financial year is quite some time. The time lag between the presentation of this Supplementary, including tokens to get going in a relatively few months, is much shorter?—Surely.

226. Why, therefore, is it not possible to put in the real figure rather than a token one for those items of work which you wish to start in the early part of the new financial year?—Because it is not necessary, Mr. Chairman. We put in the token; we shall not be ready to start before the new financial year. Therefore when we want substantial money is in next year's Estimates, and that is where we shall put it. This British Museum boiler house, if I may go back to that: we are asking for £1,000 on this Supplementary; our provision in next year's Estimates will be very much more than that.

227. And this £1,000 is technically to cover that work which is done between 1st April and the passing of the Appropriation Act?—No, Sir. This £1,000, so far as it is money to be spent, is to cover preliminary work done before the

1st April and to enable us to draw on the provision which will by then have been made in the Estimates for next year, without waiting until the Appropriation Act is passed, because the Parliamentary authority for going ahead with this work would have been given to us by the passage of—I do not know the technicalities—whatever Act it is that eventually covers these Supplementary Estimates.

228. These tokens are only for work in respect of projects starting after the 1st April for which preliminary provision will have been made before?—(Mr. Brockie.) Not necessarily, we could start in March.

Mr. Thorpe.

229. Am I not right in thinking that purports to come under the first category of urgent and unforeseen?—The British Museum case?

230. Yes, the boilers?—You are quite right.

231. Is that correct, is it unforeseen?—Yes.

Chairman.] 105 I have got marked as both.

Mr. Thorpe.

232. I have got it as urgent unforeseen, but is it also cheating?—(Sir Edward Muir.) I think it is urgent unforeseen in fact. It is 106—

233. 106 is category 2?—No, it is a bit of both.

234. 105 is a bit of both?—106 is a bit of both.

235. But 105?—You are perfectly right, 105 is urgent unforeseen.

236. That is exclusively urgent unforeseen?—Yes, therefore we shall be spending money this year. I am sorry, Mr. Chairman, this is entirely my fault. I picked this one out because I had the story in my mind.

Mr. du Cann.

237. Could I ask Sir Edward about the form of this Estimate? He has been good enough to give explanations of the categories into which these items are divided, which has certainly made the whole Supplementary Estimate very much clearer to me. Could I ask him whether he does not think that perhaps the Estimates could be completely recast so as to show a very much clearer picture

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ab initio? At the moment it is not possible without Sir Edward's explanations and without a good deal of work on these papers which are in front of us to determine precisely the extent of liabilities to see which are token amounts and under category 3, et cetera. Does Sir Edward think the whole thing could be completely recast?—This raises a very large question indeed. I think all of us who have to deal with them have views about the form of Estimates and, indeed, the form of Supplementary Estimates. If I may stick my neck out, I think that these Estimates could be both simplified and made much clearer to the reader. I believe that in their present form they date from the Exchequer and Audit Act of 1866 almost precisely, in wording and everything else. I also believe that there are discussions and inquiries going on under Treasury aegis at the moment which may possibly result in proposals being made to Parliament for some changes in the directions which I have suggested and which I entirely agree would be desirable. After all, Mr. Brockie and I have lived all our working lives with this sort of thing but it is very confusing, it is bound to be very confusing.

Mr. Turton.

238. Could you answer a very elementary question, Sir Edward? I find one of the most confusing parts of this the curious numbers that come before each item. If you look at the main Estimate you find a different item under the same number sometimes. What do these numbers mean? Are they some pages in a book, or what?—The numbers in fact do relate to the original Estimate. Unfortunately in the original Estimate the numbers do not run through consecutively; they are separate for Works in Progress and for Proposed Works. No. 21 appears on page 30 of the original Estimate as No. 21. No. 44 appears on page 42 of the original Estimate also as No. 44. The numbers running consecutively from 102 to the end are simply added on after 101 on page 45 of the original Estimate. This is all part of the business of this being something supplementary to something else, I am afraid.

Mr. Turton.] Thank you very much for a very clear explanation.

Chairman.

239. Would you not agree these numbers you referred to in the original Estimate go from one to well over a hundred twice and therefore make it more confusing?—Yes, because the original Estimate is divided into Works in Progress and Proposed Works.

Mr. Thorpe.

240. Could Sir Edward help me on a very elementary point? He refers to page 30 of the original Estimates and says that 21 appears there, and I do not quite see—?—"National Library Site: Acquisition (Revote)".

Mr. Thorpe.] That was the cross reference here, I am most grateful.

Mr. Turton.

241. Could I ask about this business of the token amount? Is it your case, Sir Edward, as we understand it, that the March Consolidated Fund Bill gives you authority to proceed with works?—Yes.

242. Without the March Consolidated Fund Bill you would have none?—I would have no authority until these works, which will reappear, of course, in the new year's Estimates, have been covered by the Appropriation Act, which is usually passed just before the Summer Recess.

243. Therefore, in the, might I say, unlikely event of you not producing a Spring Supplementary Estimates these could not be brought forward, is that right?—That is so.

244. Could you tell me in answer to that how right my adjective is? In the last ten years on how many occasions has the Ministry of Works not produced a Spring Supplementary Estimate?—I can go back to 1956/57. In that year we had a Spring Supplementary. In 1958—I am talking about this particular Vote.

245. New works?—Yes, this particular Public Buildings, United Kingdom Vote. In 1957/58 we had no Supplementary Estimate. In 1958/59 we had a Spring Supplementary. In 1959/60 we had a Summer Supplementary and, I regret to say, a Spring Supplementary.

246. In 1957/58 you had no Supplementary?—No.

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247. Either Spring or Summer or Autumn?—No.

Chairman.

248. We should understand that in that year there might well have been works which you would have liked to have started but were precluded from doing so because you lost the opportunity so described to us of putting in tokens?—It could have happened.

Mr. Eden.

249. Could I ask Sir Edward to illustrate that by giving one or two details on 112, which is Princeton House. Am I right in saying that that has turned out to be more than twice the cost it originally was thought would be the case?—Yes, this is the Aliens Office.

250. That is more than twice?—Not more than twice but very nearly twice. This is simply a case of underestimating, I am afraid.

251. Could you give us some history? When was it first decided to make alterations?—I beg your pardon, 112.

Mr. du Cann.

252. Princeton House?—Yes. It was decided before when the Estimates were being prepared that this work was needed.

Mr. Eden.

253. The original Estimate?—Yes, the original Estimate. There had been a good deal of adverse criticism by the public and by the Home Office, who are responsible for this department, of the accommodation, mainly accommodation for the public visiting the Aliens Branch of the Home Office in Princeton House; a great many more people were going there, and one thing and another. It was in fact considered at the time that some fairly minor works which were estimated would cost less than £10,000 would fill the bill. I am afraid that did not turn out to be the case. More work was needed in order to make this place reasonably respectable for people to go and wait in.

254. No work has yet begun, actually?—Oh yes, this is one of the minor works cases where work has started.

255. Because it was assumed that it would cost less than £10,000?—Under £10,000, yes.

Mr. Thorpe.

256. Could Sir Edward help us: supposing one wants to make a cross check of 112, Princeton House, in the Civil Estimates, one presumably turns to Public Buildings in the United Kingdom, does one?—I am afraid one turns to page 46, where it is part of the £1,350,000 for works costing between £50 and £10,000.

257. I see. How without your personal knowledge could one make such a cross-reference?—I am afraid you could not. It is a matter of degree what detail is shown on the face of the Estimates. There was a time when I was first concerned with these things when we showed every job costing more than £2,000.

Chairman.

258. Could you just give us the main reasons for the history of 120, which is again some £9,000 over the ceiling, in a similar category?—This is simply the requirements of the Ordnance Survey themselves. They needed more room for a particular process work than they told us at first they would need. It is small-scale map reproduction, whatever that is.

Mr. Thorpe.

259. Would that, Mr. Chairman, be category one, urgent unforeseen?—I forget which this one was.

260. It is marked as category 1?—Oh yes, minor works. This is one we genuinely thought—and the Department had told us this was what they needed—would be within the £10,000 limit, but when they worked it out and looked at their machinery—

Mr. Thorpe.] Arising out of Mr. du Cann's point, would it cause great difficulty—accepting the three categories which Sir Edward has given us explaining the reason for an Estimate in each particular case—if in future category A, category B, category C, were marked on the side of each Supplementary Estimate in brackets.

Chairman.

261. I understood the question a little earlier was whether the grouping could not be done so that all items of a comparable nature came under each other?—Either of these things could be done, as far as the Ministry of Works is concerned, without any difficulty whatever, with an explanatory note, but the

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form of the Estimates is a matter for the Treasury.

Chairman.] Are there any more questions on the £1,728,000?

Mr. du Cann.

262. That includes the token items, does it not? Yes, I would like to ask one question, Sir, simply because I did not quite understand the answer that Sir Edward gave before. There are a very large number of items here, some of them involving eventually apparently quite substantial sums of money. There is one here for well over £250,000, for example. I do not quite understand when Parliamentary approval is considered to have been given for these schemes. Is it at the moment when the token Estimate is accepted and approved, or is it later?—It is when the token Estimate is accepted and approved. I suppose it would be competent for Parliament—though I am not sure through what process—to cut the item out of some succeeding year's Estimate and leave the job half finished. The fact of the matter is that as a matter of practical politics this is the approval of Parliament to the particular job going forward.

263. That I understand, but I had in mind particularly, Sir Edward, the fact that we are looking at a total of items which include a large number of small items, £100 and so on, which seems to me to reinforce my point that we are not looking at the figures which are really ultimately involved?—Well, the figures are all there.

264. That I understand, but one has of course to do a great deal of homework in order to get out the amount of the total cost?—I agree that as they are shown in this list it is much less easy to see than as they are shown in columns in the original Estimate; I would agree with that entirely.

265. And, of course, there is no cross-referencing.—There is no cross-referencing.

Mr. Turton.

266. Could I ask you a question about 110 and 111? Why are those two items, first of all, in the Supplementary, bearing in mind that on page 46 you have got an item in your Estimate of Civil Defence (general) of £259,100?—Change of mind, Mr. Chairman. It had

been intended that these should be a charge against that general item. That general item covers quite a lot of other things too. I suppose because these two items are specific, identifiable jobs at particular places for which, if I may put it this way, there is no security reason for not mentioning it in public, it was felt that it was better on all counts to treat these as separate identifiable jobs and put them on the face of the Estimates at the first opportunity. Mr. Brockie may be able to enlarge on that. (*Mr. Brockie*): No.

267. Can I take the next stage of my interrogatory on this: in the case of a Civil Defence project that is, shall we say, of a less open nature, do I understand you can start on it without it having been in the March Consolidated Fund Bill?—(*Sir Edward Muir*): I think that is so. There is a lump sum like this each year, and we settle in consultation with the Treasury what goes against it. If there are any specific jobs or a new works over £100,000 which are covered by this over the years, we do report those in a secret document to the Public Accounts Committee.

268. Falfield comes in your category of cheating. I cannot understand why it is necessary to cheat in the case of something that could perfectly well come in IV on page 46 without any difficulty?—I think, as I say, the answer can only be the one I have given, that these are places to which no security aspect applies, they are both of them quite substantial jobs, and it was felt that on the whole they had better be put straight on the face of the Estimates and in that way, if I may say so, Mr. Chairman, brought very much more within the ambit of Parliamentary control than the items dealt with under the lump sum can be.

Chairman.

269. In this case of an item with a token Estimate of £100 (namely, 111), does that automatically reduce the original Estimate of £259,100 by that amount?—It ought to, by the amount of £100.

270. When the job is completed, what will the effect on the £259,000 be?—That depends what other works which fall properly on whatever it is to be the equivalent of this £259,000 next year, will come to. We

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shall be taking a similar provision this next year; it will be related to specific jobs. It will not include provision for Falfield or Easingwold. Therefore, this £259,000, if all else has gone well, should emerge at the end of the day as about £250,000 expenditure.

Mr. Thorpe.

271. Accepting that the total Estimate for completing the work is £29,000, and accepting also there are cases in which the total work cannot be completed within, say, 12 calendar months, is it nevertheless the policy of the Ministry to estimate for the full total estimated amount?—Oh yes, but not to take provision, no. If you go back again to the original Estimate, you will see on any page there are columns (4), (5), (6) and (7). Column (4) is the probable expenditure before the year to which this relates; column (5) is the Vote required in the year; column (6) is the estimated amount needed in the subsequent year. Going back to column (2), that is the total Estimate of the job.

272. And in a sense, cheating under category 3 assists you to estimate under column (6)?—Yes, that is so.

Chairman.

273. To tidy up one loose end from this No. 111 and the original provision, that is, for Civil Defence: from the Parliamentary point of view this really, over the years, takes £29,000 out of your block provision. Therefore, it would be within the rights of the Ministry to spend those £29,000 on some other Civil Defence project if they so desired because they have authority in the block Vote; is that not right?—No, Sir. The block Vote only relates to the particular year. What we expect to spend on Easingwold in the current year is £9,000. Therefore, if we did not get this Supplementary, that £9,000 would come out of the £259,000. £259,000 is not a total Estimate of the total cost of all the works which will ever have to be done here.

274. May I put it this way: if this £9,000 is approved, could you not spend £9,000 on some other Civil Defence project, because it was in the original provision?—We could if we got going pretty quickly, but we should have to do it by the 31st March.

Mr. Turton.

275. Going on with 110, could I ask you what is the nature of the expenditure

of £231,000; what is the scheme?—Building artificial ruins.

276. Are you satisfied there is no extravagance in the purchase of these artificial ruins?—What we are doing is taking, in this particular case, 16 prefabs which were already beginning to be pulled down because the local authority did not want them, and shifting the remains of them over here. That is not an extravagant proposition.

277. Can you tell this Sub-Committee what price you are paying for the prefabs?—It is a price to ourselves. I do not know. They belong to us. We are taking what are really surplus building materials which are already in our own possession and transferring them to this place.

278. There is no payment to any local authority?—No payment passes, no.

279. There has been a certain amount of criticism, I may say, and I wanted to make quite certain how far we can be certain no extravagance has taken place?—That is the major work we are doing there. We are also doing some building work as well, specific building work to meet the needs of these people. There was, I am well aware, very serious criticism when this place was first built about 10 or 15 years ago, and I think very natural criticism—it is a very odd thing to do.

280. Can you say what you spent on this particular school in the last three or four years?—Not without notice.

281. There has been a very considerable sum spent, has there not?—I would not have said in the last three or four years: in the past there has

Mr. Du Cann.

282. One or two of these token Estimates here are in respect of what will eventually be the acquisition of land and the building of new buildings by the Ministry of Works to house a number of Government Departments in a particular centre; that is so, is it not?—That is right.

283. Is it the policy of the Ministry of Works in general to seek existing accommodation or the adaptation of existing accommodation before buying freehold or leasehold sites and then developing property?—It has until quite recently been our policy consistently to do all we can to find leasehold property, but there

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has been a change quite recently. There is now no doubt at all that owing to the general rise in rents in the bigger cities at any rate, and in particular in London, it is cheaper for us to buy and build, and we are doing more of that although the great bulk of Government offices up and down the country are still housed in leased premises and will continue to be so, because many of them are only two or three rooms in a small town high street.

284. What is the policy, then, outside London where the situation is different?—The policy is moving in the same direction outside.

285. Could I refer in particular to No. 148 which is in my own constituency? As I understand it, the token appropriation here of £100 denotes, if agreeable, authority for spending nearly £250,000 upon the acquisition of the site and the building presumably of a large block of offices; that is so, is it?—It will be.

286. In a case of that sort, before the Ministry engages in an extremely expensive enterprise of that sort in a district where the rents are very much lower than they are in London, I take it the Ministry is satisfied no alternative course is possible?—The Ministry are absolutely satisfied no alternative course is possible. It is an unfortunate fact (Taunton is a very good case, I would say) that in towns of the size of Taunton we now have Government staffs of such a size that it is very often the case that we are driven to build even if we do not particularly want to. In Taunton, which you have mentioned you know, we have a big Ministry of Agriculture Divisional office who are the major occupiers there. It is quite a big office.

287. Yes, it is very large?—And there are other departments which are very poorly housed. We do regard this as an economic proposition to put up this building, I can assure you. It sounds a lot of money; it is a lot of capital money on the face of the Estimates, but when it is converted into annual charges, we think it will show economies.

288. What sort of size building in square feet do you anticipate to get for that sum of money?—It is about £5 per square foot.

289. So that is about 50,000 square feet?—Yes, 50,000 to 60,000 square feet. That is usable office space.

290. In other words, the Ministry policy is changing from use of existing buildings—and this applies in London particularly, and throughout the country—to acquiring freehold or leasehold sites and developing?—I would say that it is quite fair to say that. It is a gradual change but it is very definitely the trend now, partly for the reason that I gave, that rents even outside London, certainly in big cities, are showing no signs of coming down; indeed, they are going up still; and partly through the sheer difficulty of finding accommodation to lease for staffs of the size which we have to house nowadays.

291. In all cases where these token amounts appear, presumably the fact is that the Ministry has made up its mind definitely what it wants to do, it has decided on the site, it has developed its plans for building buildings and so on?—Yes. You can be assured of that. When it is coming so near the end of the financial year as this, that is certainly so.

Chairman.

292. I think it would be useful if you would amplify somewhat the comments under the Appropriations in Aid, Z., the result of which means your Supplementary would have been £345,000 greater had it not been for the increase in the Appropriations in Aid. And could you tell us a little bit of what lies behind these repayments, £175,000?—Yes. This arises from the fact that ever since the original Insurance Fund was set up in 1911, we have recovered from the Insurance Fund the cost of housing the people who operate the insurance schemes. It is true that they are civil servants like all other civil servants, that the buildings in which they are are often used by their own departments for other purposes, but in order to satisfy the accounting arrangements of the Insurance Fund we have always recovered the cost.

293. Does that mean the Ministry owns the buildings in which they work?—Oh, yes, as we do own or lease all Government offices. The reason why we have this increase in this particular figure this year is that there has been, I will not say a dispute, but a discussion going

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on, I think for some time, as to whether we should recover from the Health Departments the cost of providing the accommodation needed by them in connection with collecting the National Health Insurance contributions; that is the extra whatever it is that goes on your stamp. Now, I do not understand the ins and outs of this, but the fact is that the Treasury ruled last June that we should recover these costs. In doing that they were reversing an earlier ruling which they had given in October, 1958, and they said that, whatever they had said before, we should recover these sums in future and that we should recover now what ought to have been paid us if this rule had been in force in the previous three financial years. This is pure bookkeeping, quite frankly.

294. So there is a very large element of retrospection there?—There is a very big element of retrospection. (Mr. Brockie.) These figures on the Supplementary Estimate are really corrections of the Appropriations in Aid in the original Estimate. Although it looks a lot, £175,000 for repayment from the National Insurance Fund, it appears in the original Estimate at £2,300,000. This simply means we are going to get another £175,000 more. The year has gone on and we are able to get more accurate figures.

Mr. Thorpe.

295. I do not quite understand the reference to "expected deficiencies". If one accepts that head relates, to use a neutral term, to expected credits about to be received from the sale of old material, second-hand furniture and surplus stores, does the £80,000 represent the sale price received or the difference between the sale price and the cost price?—(Sir Edward Muir.) Neither. What it represents is the amount by which what we now expect to receive falls short of what we said in the original Estimate. We said in the original Estimate £210,000. We now think we are only going to get £80,000 less than that.

296. You expect to get £80,000 less than you put in the Estimate?—Yes.

Mr. Turton.

297. Could I go back to item (2) to see if I can understand that? The effect of this is instead of, in 1959-60, the

National Insurance Fund paying £2,140,000 out of the contributors' savings, the Treasury has ordered you to take £2,475,000?—Well, you have got to add this on to the £2,300,000.

298. I did that?—Yes, that is correct.

299. It is in fact a very considerable burden on the stamp?—As far as I am aware this is all provided in the statutes relating to these particular insurance arrangements. But I am not familiar with this.

300. But you said in an earlier answer that this was in respect of the buildings. Does that mean you are charging the contributor with the cost of the hire of Long Benton—that is the Central Office for the M.N.I.?—We are charging him with his proper proportion, I presume, of that cost, yes.

301. As far as I know, that Central Office does nothing but National Insurance and the industrial injuries. I cannot think of any other occupation they carry out?—I assume that you are right.

302. Do you also make a proportionate charge for the cost of the John Adam Street house which houses the Minister?—Yes.

303. And is that done to any other Department except the Ministry of National Insurance?—It is only done to that part of the Ministry of National Insurance which is dealing with these particular things.

304. Exactly?—No, I am not aware that it is.

305. You do not charge the agricultural subsidies for that part of the housing of the Ministry of Agriculture?—No. Quite frankly, from our point of view it is something of a nuisance. As I say, it stems from the very early days of the Insurance Acts. It was provided, I believe, in the original 1911 Act that this should happen and it has gone on happening and carried over in subsequent legislation.

Mr. du Cann

306. Could I ask about No. (11), the question of sales of land and buildings? This is an item on the credit side by comparison with the other items we were discussing a moment or two ago with regard to the Ministry's general policy. Exactly what does this consist of? Could

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you give us some general heads?—When we build one of the new buildings we were talking about just now, it may well be we have some old property for sale. We have still been getting rid of some of the fag-ends of wartime properties. Indeed, one of the big items which gives rise to this increase here is precisely one of those: it is a cold store at Paisley and a storage depot which again I think was a wartime thing at Rothwell. It is simply an amount we have got to have in order to be able to appropriate sums we have received from sales which arise in the normal course of our business.

307. I quite understand. It is therefore the policy of the Ministry to dispose of requisitioned land or buildings or non-used buildings whenever possible?—We have no legal power to do anything else; we are not property managers.

308. So the corollary of that, I assume, comes under F.7, where the amount required for compensation in respect of requisitioned land has gone up substantially. Is it part of the same thing?—We are now talking about something quite different. This is requisitioned land. What comes under Sales is nothing to do with requisitioning at all. That is Government property. We sell it for one reason or another. The reason for the requisitioned land is that we have found it possible to make some of the terminal payments for dilapidations and so forth, rather more quickly than we expected; and obviously, if we can, we should. This, of course, is pure tidying up now. All requisitioning powers have ceased; we no longer hold anything under requisition, but there are still certain outstanding negotiations going on of this sort, not a great deal.

309. On balance, however, presumably the Ministry of Works is becoming a purchaser of land rather than becoming less of a landholder—landowner—is that right?—Yes, I would say that is right.

Chairman.

310. Could you add a word about Apsley House, No. (19)?—Yes. As part of the goings-on at Hyde Park Corner the house next door to Apsley House which butted up against one side of it, has been pulled down, and one of the new roads has been taken along there. Apsley House, therefore, becomes a free-standing house. Whereas up till now it has only

had three faces, it has now got to have four faces. We are proposing to build a fourth face, in other words to put a new front on that side. The L.C.C. are going to pay for it as part of the road improvement scheme. We are going to do the work. We are in the hands of the L.C.C. as to when it is convenient to start the work. On their programme at the time the Estimates were prepared we thought we should be in a position to do it sooner than in fact we shall be.

311. Is that an indication that the progress of that project is slower than was originally anticipated?—I do not think so. I think it is merely that this is a very big and very complicated project and from the L.C.C.'s point of view, this is a very minor item in it.

Mr. Thorpe.

312. If the L.C.C. are paying 100 per cent. of the cost of putting on a new face—that is presumably correct?—That is correct.

313. How is it possible, if adaptation relates solely to the new face, to receive £22,000 less than was anticipated?—Because we have not done so much work. They only pay as we do the work.

Mr. Turton.

314. Could I ask why we have done so badly in the secondhand furniture this year?—That is rather an interesting one. The reason is, I think, that we are getting much more stabilised. In the years since the war we have had really very large quantities of pre-war, wartime, and some pretty poor post-war furniture, bought when the size of Government staffs was at its peak, which we have been disposing of steadily as it has become no longer suitable or possible to rehabilitate it. Everything that can be rehabilitated goes to our own stores and is rehabilitated and re-issued, but there is always bound to be a fair amount of disposal going on. We have very nearly reached the end of the exceptional process of getting rid of the great bulk of unsatisfactory furniture now. There will always be a steady flow of surplus stuff. This is pretty poor stuff, let me say. I think the reason is we thought there was going to be more in this year than in fact there turned out to be.

315. Surprisingly so, because you have been running in previous years at the rate of £200,000 to £250,000 regularly. You

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have suddenly now got an error of some 30 per cent. in the Estimates?—I think the Estimate was based precisely on the factor you have just mentioned, and the cupboard was found to be bareer than they thought, which is a very satisfactory thing from our point of view. I do not want all this surplus furniture about.

316. It does not mean that the prices of secondhand furniture have gone down?—There may be something of that influence, because this has been rather rag-end stuff; there has probably been a lot of very poor quality stuff here which has fetched low prices.

Mr. Eden.

317. I have a question on B.3, referring to the purchase of 8 vehicles for the collection of confidential wastepaper. Was it necessary to purchase 8 new vehicles for this purpose? Why could they not have been taken over from the Stationery Office together with the responsibility?—Because, if I may say so, Mr. Callaghan found some Income Tax returns on Cardiff docks. This purchase of 8 vehicles flows directly from that happening. The arrangements for disposing of this sort of waste have been very substantially tightened up. It is all to be disposed of in future in Government vehicles to specially chosen pulping places which will operate under security conditions. The Stationery Office had nothing in their transport organisation which would cope with this, and it would have cost them a good deal of money to have set up a separate section for it. It so happens that my own Department already makes regular journeys with vehicles of a substantial size to practically all the places—indeed, I should say all the places—where this waste arises, on regular trips carrying household goods, furniture and indeed Stationery Office stores. The Treasury therefore asked us to take this job on, because by integrating it with our regular journeys, using the vehicles for other purposes, in other words, and making it part of our general transport organisation, it did appear that it would be a much more economical arrangement than the Stationery Office doing it themselves. This is urgent: there are about 6,000 tons of this stuff a year. We could not cope with it with our existing fleet of vehicles and therefore we are wanting to buy these extra 8 vans.

Mr. Thorpe.

318. There is a further £2,000, yet a further provision, for collection of wastepaper, F.10?—This is the extra cost of doing the same thing with our existing vehicles. The other provision is for the purchase of new vehicles. This is the extra cost of running the organisation, in effect.

Mr. Turton.

319. I have one question on C.2. Could you split C.2 under its two different headings: one, shall we say, additional wages and salaries, the other, household articles? What items should go to each?—Wages and salaries is an excess of £31,000; well, it is really £32,000 because there is £1,000 for additional payments to local authorities who are having to pay more to some people in county courts. Household articles is plus £40,000; Laundry is plus £6,000.

320. It does appear, looking at what is happening in recent years, that everybody is using more household articles, mainly; or they are costing much more?—I think they are costing more. We are certainly supplying more people on this Subhead, and prisons are using more. I would not dream of trying to account for that. That is also covered under this.

321. But they are going up, really. This is an increase of £60,000 in household articles in one year, is it not?—That is so.

322. A total of about 20 per cent.?—It is £60,000, yes.

Mr. du Cann.

323. I am a bit of a layman in these matters, but is it not a fantastic increase in the cost of household articles? I should have thought this was a thing you would have known about fairly exactly and you would have laid down certain standard quantities of use. Does that not happen? I suppose it does?—I think part of the answer is that the Departments who requisition on us are complying more strictly with the standards laid down. Standards of supply of such things as soap and towels, which is the sort of thing this covers, and cleaning materials, brooms, and all that, are laid down centrally; they are indeed agreed by the Treasury with the Staff Side. But some people outside London,

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I think, have probably not been indenting as often as they should. That seems to be what is thought as part of the reason; that is catching up with the standards to some extent. I agree it is a big increase.

Mr. Turton.

324. Are you satisfied that this increase of 20 per cent. is not represented to a certain extent by extravagance?—If the standards are complied with, it is not extravagance, no. The compliance with the standards depends upon the individual officer in charge of these things in every little Government office in the United Kingdom, and obviously those people vary quite a lot. If my own people noticed unduly onerous requisitions coming from any particular place, they would of course take some steps about it, and do so.

Mr. du Cann.

325. Laundry has gone up by between 20 and 25 per cent., £10,000 from £45,000?—This is partly that laundry charges have increased, and partly that people are having their towels washed more in accordance with the rules. I am afraid it is just as simple as that. The Treasury direction is that clean towels shall be issued every two weeks; that has by no means always happened in the past, and that is not an extravagant standard.

Mr. Leslie Thomas.

326. Who decided to take over the despatch service from the Post Office and whether capital assets should be taken from the Post Office to meet this extra £10,000?—There are some vans which we are taking over. We cannot take over staff, they are a different sort of staff. This one stems from the new financial arrangements for the Post Office. This is a service which they have been giving as an allied service to Government Departments in London. They felt that under their new set-up it would be rather an awkward one; they would have to make charges for it and so forth. It fitted, in fact, quite neatly into our own London transport arrangements, and so, on Treasury request, we agreed to take it on. We are taking over a certain number of Post Office vans. I am not going to say how valuable an asset they may be.

327. It helps the initial cost of setting up an organisation?—We have got to start an entirely new organisation.

328. I thought you said it fitted into your organisation?—It fits in to the extent that we can service the vans in our own depôt; we have got room to do it, with modifications. But we have got to recruit drivers; we have got to organise the routes of the drivers and all the rest of it, entirely from scratch. We cannot take any Post Office staff for this because they are postal staff.

329. But is there any sort of new building required?—As far as I know, there is no new building required. There may be some modifications at our Kingston House depôt.

330. Do you not think £10,000 is rather a lot?—Of course, this is really only covering wages and uniforms of the staff whom we have got to recruit before the end of March in order to start the service under the new hat on the 1st April.

Mr. Leslie Thomas.] They will make a corresponding saving perhaps in the Post Office.

Mr. Thorpe.

331. How many staff?—One hundred industrial staff, drivers, fitters and labourers will have to be recruited before the end of March. There will be a considerable saving to the Post Office.

332. The whole service would involve the strength of 100?—That is what I am told, but, of course, this is something new to us, we have got to see how it works out. That is the judgment of my people after talking to the Post Office people and looking into things.

Chairman.

333. There is just one question quite apart from these figures that I should like to ask, arising out of a former meeting we have had concerning the Government Hospitality Fund. We have been told that the Estimate for that is presented by the Treasury, that it is run by an individual who seeks his authority from the Minister of Works and it is no part of the function of the Ministry of Works to deal with that aspect. Assuming I have described the position correctly?—That is perfectly correct.

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Mr. T. BROCKIE.

[Continued.]

334. —do you know of any objection, apart from the trouble involved, why that Department should not come under the Ministry of Works?—Yes, Sir. The history, which you may not have been told, is that when the Government Hospitality Fund was first set up about 1908 (I think it was), the then Prime Minister felt that he must really be responsible for this himself, but in order to deal with the day-to-day management he invited, on a purely personal basis, the then First Commissioner of Works, Mr. Lewis Harcourt, to act for him. For one reason or another, the First Commissioners and Ministers of Work have gone on doing that. But they are acting for the Prime Minister who is the Minister responsible for the Government Hospitality Fund. In my view, if I may express a view on this (the Treasury know my view), speaking as Accounting Officer for the Ministry of Works, that is the right position, because no Minister of Works is in a position as such to judge of the claims on the Government Hospitality Fund; still less is any Accounting Officer of the Ministry of Works in a position not to defend, I would say, but to explain to the Public Accounts Committee, expenditure on functions or on hospitality of one sort and another which may have arisen as matters of high policy entirely outside the field of the Ministry of Works—in fact, quite certainly will have. The Ministry of Works itself never draws on the Government Hospitality Fund. This is essentially a Central Government activity and as such should come, as it does now, under the Treasury. I know quite well the Treasury hate it and I do not mind having that taken down. But this is not merely the inconvenience; I do think, as a matter of principle, the right place for the Government Hospitality Fund is where it is now. I am not saying the Minister of Works should not in his present capacity in relation to that go on doing what he has traditionally done, but he is doing it not as Minister of Works but as, so to speak, the Prime Minister's representative.

Mr. Thorpe.

335. Arising out of that, could I ask this? Is it not a fact that if there is, for example, going to be either a State visit or a conference which affects the C.R.O. or the Colonial Office, there will probably be an *ad hoc* committee formed

to discuss the arrangements, with particular reference to the lavishness on which the entertaining will be done, whether it is a big room at Lancaster House or a small room at Lancaster House and so forth? Are not the Ministry of Works in fact represented at that conference?—No. The concern of the Ministry of Works with such things as a State visit is to put up the flags in the Mall and that sort of thing; that is our function and that we do.

336. Then would it be right to say the strongest, if not the only, argument in favour of the Minister of Works acting as the agent for the Prime Minister is simply that it is a tradition which has been followed for 50 years? Is there any higher argument that could be attached to the present situation?—There is no argument, I think, but I am not sure whether my Minister would agree with me. There is no argument, I think, stemming from the fact that he is Minister of Works.

337. So that in fact, provided the Minister of Works were told and consulted about the number of flagpoles and the date they must go up and so forth, logically this is more a matter within the realms of the Treasury acting on behalf of the Prime Minister as First Lord?—That is so. Putting up flags is something we do in the normal course of business, it does not come under the Government Hospitality Fund at all.

338. But are you in fact not represented on matters which are not only structural with regard to visits, things like receptions?—We are to a considerable extent, particularly where the Royal Parks are concerned, but that again stems from our responsibility for the Royal Parks.

339. What about something like a reception? Presumably there must be meetings to consider that?—We would not be concerned with that, apart from seeing that Lancaster House was available. If they hold a reception somewhere which is not in our charge, that is no concern of ours. For example, we have no connection with a gala performance of opera at Covent Garden; that is arranged directly by the Government Hospitality Fund with the Covent Garden people.

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Sir EDWARD MUIR, K.C.B., and
Mr. T. BROCKIE.

[Continued.]

Mr. du Cann.

340. On the preparation of Estimates for the Government Hospitality Fund the Ministry of Works is not concerned?—The Ministry of Works plays no part whatever in running the affairs of the Hospitality Fund.

341. The responsibility of the Minister of Works is simply to deal with the Estimate in the Commons, and that is all?—Yes, and to deal with them on the basis which I have explained. They are Treasury Estimates.

Mr. Turton.

342. But if the Minister thinks the Government hospitality is costing too

much and he wants to reduce the quality of the wine, would that be his duty or the Treasury's duty?—That would be his duty as things are at present. He is running the thing, yes, but without advice from Mr. Brockie or me.

343. In other words, he is his own accounting officer?—Well, Brigadier Macnab of course advises him on these matters.

344. Who is his accounting officer for that expenditure?—The Treasury.

345. What contact does he have with his accounting officer, do you know?—I am afraid I must repeat that I have no concern with the affairs of the Government Hospitality Fund.

MONDAY, 6TH FEBRUARY, 1961.

Members present:

Sir Spencer Summers, in the Chair.

Mr. Eden.
Mr. Marsh.
Mr. Leslie Thomas.Mr. Thorpe.
Mr. Turton.

**Memorandum submitted on behalf of the
Secretary of State for Commonwealth Relations**

COMMONWEALTH SERVICES VOTE (CLASS II. 5)—SUPPLEMENTARY ESTIMATE 1960-61

The additional sum required as shown in the Supplementary Estimate is £7,205,550 which may be summarised as follows:—

(a) Payments arising from the attainment of Independence by Commonwealth Countries:—

| | £ |
|---|------------|
| Federation of Malaya | 1,285,500 |
| Federation of Nigeria | 735,014 |
| Republic of Cyprus | 4,606,980 |
| (b) Contribution to Indus Basin Development Fund | 267,428 |
| (c) Grants, etc. (Less savings) | 310,628 |
| <i>Net total</i> | £7,205,550 |

6 February, 1961.]

[Continued.]

The following information on the individual subheads is additional to that given in Part III of the Supplementary Estimate.

2. *Subhead N.1.—Bechuanaland Protectorate : Grant in Aid—£170,000*

The original Estimate for 1960-61 containing provision of £800,000 for grant-in-aid was closed before the Territories estimates for 1960-61, which showed a deficit of £870,000, were received.

Outbreaks of foot and mouth disease and two years of crop failures have seriously affected the economy of the Territory and have led to the introduction of famine relief measures.

The additional sum now required is to meet unforeseen expenditure in respect of foot and mouth disease outbreaks (£70,000) and consequential shortfall in revenue collections (£70,000) plus further ordinary grant in aid (£30,000).

3. *Subhead N.2.—Basutoland : Grant in Aid—£25,000*

Only £400,000 was provided for grant-in-aid in the original Estimates for 1960-61, as figures from the Territory were not received in time. It now turns out that the grant-in-aid actually required is £425,000.

4. *Subhead O.1.—Assistance to Maldive Islands—£89,000*

Economic assistance up to a total of £750,000 was promised to the Government of the Maldive Islands under an Agreement of 14th February, 1960 (Cmnd. 948).

Additional expenditure of £89,000, resulting from the agreement, is expected to fall in this financial year, mainly on the construction of a Dispensary Ship (£30,000) and Equipment for the Fishing Industry (£50,000).

5. *Subhead O.2.—Maldive Islands : Transport Costs—£6,819*

It was necessary for certain journeys to be made by the High Commissioner and members of his staff and by Maldivian officials between Colombo and the Maldive Islands in 1958 in connection with the negotiations leading up to the Agreement of the 14th February, 1960. Air transport was provided by the Royal Air Force and provision is made to reimburse the Air Ministry for the cost.

6 *Subhead Q.1.—Federation of Malaya : Contribution in Kind—£1,313,000*

It was announced in the House of Commons on 18th June, 1959 that the United Kingdom Government intended to give further assistance in connection with the expansion and development of the armed forces of the Federation of Malaya by transferring, free of charge, certain installations and properties. These included the R.A.F. installations at Kuala Lumpur airfield, Batu Cantonment and the site and buildings of H.Q. Malaya Command, the total value of which was estimated to be about £2,500,000.

The transfer of the installations at Kuala Lumpur airfield which are valued at £1,283,156 was completed on 25th October, 1960 and provision of this amount is required for the reimbursement of Air Votes.

The additional amount of just under £30,000 is in respect of adjustments in the original provision in the 1960-61 Estimates for transfers expected to take place by 31st March, 1961 of (a) equipment and (b) part of H.Q. Malaya Command. The figures for these items have been agreed by the War Office in consultation with the Treasury and the Commonwealth Relations Office.

7. *Subhead Q.5.—Malayan Police Unit—£1,800*

This service is carried on the Commonwealth Services Vote in order to secure the superannuation rights of the officers concerned. It is self-balancing, there being a corresponding receipt in Appropriations in Aid.

8. *Subhead R.—Military Assistance to Commonwealth Countries—£28,500*

It was announced in the House of Commons on the 20th December, 1960, that Her Majesty's Government intended to give assistance towards the cost of training in this country of Nigerian service personnel within a maximum of £71,000 in any one year. £24,000 is provided for this purpose in 1960-61 plus £4,500 for minor adjustments in other expenditure.

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[Continued.]

9. *Subhead T.3.—Federation of Nigeria: Technical Assistance—£80,000*

£40,000 is required for the expenditure in the half-year from 1st October, 1960 to 31st March, 1961 on Nigerian trainees in this country formerly met from the Development and Welfare (Colonies, etc.) Vote Class II, 9. The remaining £40,000 is for additional expenditure on technical assistance schemes.

10. *Subhead T.5.—Federation of Nigeria: Grant to University College, Ibadan—£97,000*

This is a new subhead to enable payment to be made direct to the University College of the unspent balances on Colonial Development and Welfare schemes. The amount of £97,000 is in effect a transfer from Subhead T.4. in which it was originally included. It is part of the saving of £133,000 surrendered from Subhead T.4. as shown in page 2 of the Supplementary Estimate.

11. *Subhead T.6.—Federation of Nigeria: Gift—£3,000*

The intention to make a gift of table silver to the Government of Nigeria to mark the attainment of Independence was announced in the House of Commons on the 28th July, 1960. The silver was displayed in the Palace of Westminster in December 1960 and has since been sent to Nigeria.

12. *Subhead T.7.—Federation of Nigeria: Defence Stores—£1,084,014*

The waiving of payment for certain War Department stocks which were handed over to the Nigerian Armed Forces in April 1958 was announced in the House of Commons on the 20th December, 1960. It is now necessary for the Commonwealth Relations Office to reimburse Army Votes for the value of the stores.

13. *Subhead V.1.—Cyprus: Grant in Aid—£4,000,000*

This amount is to be made available to the Republic in 1960-61 under the terms of Appendix R of Command 1093.

14. *Subhead V.2.—Cyprus: Grants—£33,470*

The services are detailed in Appendix R: A (b) (i), (ii) and (iii) of Command 1093. Provision of £427,550 for reimbursement to the Cyprus Government towards the costs of the Nicosia Airport was made in the Colonial Services Vote for 1960-61, Class II, 8. £419,950 of the provision is surrendered as a saving in the Colonial Services Supplementary Estimate (Subhead C.19).

15. *Subhead V.3.—Cyprus: English Schools—£60,000*

This provision replaces an amount of £60,000 surrendered in the Supplementary Estimate on the Colonial Services Vote (Subhead C.22).

16. *Subhead V.4.—Cyprus: Maintenance of distressed British subjects of Maltese origin—£4,000*

This replaces £4,000 surrendered as a saving in the Supplementary Estimate on the Colonial Services Vote (Subhead C.11).

17. *Subhead V.5.—Cyprus: Allowances to dependants of persons killed during the Emergency—£10*

During the Emergency the Government of Cyprus began the payment of a number of *ex-gratia* allowances mainly to dependants of government officers killed during the Emergency. It was decided before Independence to commute these allowances and lump sum payments were made to dependants in order to bring the commitments entered into by the former Government of Cyprus to a conclusion before the transfer of power to the Government of the Republic. As a result of representations to the Colonial Secretary by Members of Parliament and the recipients themselves about the inadequacy of the lump sums, it is intended to allow the recipients of the *ex-gratia* awards to opt, if they so desire, for a reinstatement of continuing allowances at the expense of the United Kingdom. It is expected that payment of the allowances will begin in April 1961 and the approval of Parliament for this service is sought by means of token provision.

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[Continued.]

18. *Subhead V.6.—Cyprus: Police Unit—£9,500*

Provision of £20,010 for this service is being surrendered as a saving in the Supplementary Estimate on the Colonial Services Vote (Subhead C.7.).

19. *Subhead V.7.—Cyprus: Grant to the Turkish Community—£500,000*

The first instalment of £500,000 of a grant of £1,500,000 payable under the arrangements contained in Appendix U of Command 1093 was paid by the Colonial Office before Independence. A further instalment of £500,000 was paid by the Commonwealth Relations Office to the Turkish Communal Chamber on 28th September, 1960, to be utilised at their request for the development of co-operatives in Cyprus, as announced in the House of Commons on 26th January, 1961.

20. *Subhead W.1.—Relief of distress caused by Cyclones in Pakistan—£72,500*

Cash payments were made of £7,500 in October and £15,000 in November 1960 and Tractors costing approximately £35,000 and Tentage about £15,000 have been delivered or are in transit to Pakistan.

21. *Subhead W.2.—Government of India: Relief of Tibetan refugees—£50,000*

The Governments of Australia, New Zealand and the United States of America also have made or are expected to make grants for the relief of the Tibetans in India.

22. *Subhead X.—Indus Basin Development Fund: Grant—£267,428*

This amount represents the first contribution from the United Kingdom Government under the Indus Basin Development Fund Agreement.

23. *Expected Savings:—Subhead T.1.—Federation of Nigeria, Her Majesty's Overseas Civil Service, Superannuation, etc.—£1,010,000*

Retirements in the period from the 1st October, 1960, to 31st March, 1961, of officers of the Overseas Civil Service are now expected to be appreciably fewer than originally estimated and in consequence expenditure on pensions, compensation, etc., is less than anticipated.

24. *Subhead Z.—Appropriations in Aid: Deficiency—£611,700*

Recoveries from the Federation of Nigeria of pensions, compensations, etc., payable in respect of officers of the Overseas Civil Service who were appointed for service in Nigeria (Special Lists A & B schemes) (originally estimated at £750,000) are only expected to amount to £136,000, a deficiency of £614,000. Certain small adjustments will reduce the estimated Deficiency in Receipts to £611,700.

Examination of Witnesses.

Sir ALEXANDER CLUTTERBUCK, G.C.M.G., M.C. Permanent Under-Secretary of State, Mr. C. M. WALKER, C.M.G., an Assistant Under-Secretary of State and Director of Establishments and Organisation, and Mr. F. H. DAVEY, O.B.E., Principal Executive Officer (Accountant-General and Controller of Pension Funds), Commonwealth Relations Office, called in and examined.

Chairman.

346. First let me thank you for this Memorandum giving us additional information to that which can be found from the Estimates themselves. Could we start with subhead N.1., the Bechuanaland Protectorate. There are one or two points of general principle here which I think would help us to understand the situation. For instance, is the financial year in such territories the same as our financial year? —(Sir Alexander Clutterbuck.) Yes, Sir.

347. April to April?—Yes.

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348. And you speak here of information not being available when your Estimates were compiled because the Estimates for the territory in question had not come over?—That is so.

349. How far is that an occupational hazard?—I think we have got it now on to a sounder footing: we have made arrangements under which the Estimates should be furnished earlier, and this involves Estimates of the next financial year. They arrive before Christmas, so I think we are in a better position to avoid guesswork. Furthermore, we also

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Sir ALEXANDER CLUTTERBUCK,
G.C.M.G., M.C., Mr. C. M. WALKER, C.M.G.,
and Mr. F. H. DAVEY, O.B.E.

[Continued.]

have arranged for the Financial Secretary to come over in order to help us to present their Estimates to the Treasury. That was done on the last occasion, so it should avoid discrepancies like this from occurring in future.

350. Have they occurred in previous years for this reason?—Yes, they have; very often they do get delayed for some reasons which are beyond our control here, due to sickness, illness or absences of people at the other end.

351. And you are fairly confident that you have arranged for it not to happen?—I think the new system should work satisfactorily.

352. Now, you put in a Summer Supplementary in July last?—That is right.

353. Not for this heading, but nevertheless there was a Summer Supplementary?—Yes.

354. What prevented you from taking that opportunity of bringing to the notice of Parliament the additional authority that you have chosen to seek at this time of the year?—(Mr. Davey.) Although a provision for grant in aid is made in the Estimate, issues to the territory depend on actual expenditure and actual receipts quarter by quarter during the year, and to make the additional provision in the Summer Supplementary might have meant that we provided for more than in fact was necessary, when in the later part of the year we knew exactly what they would require for grant in aid.

355. Leaving out account of things like foot and mouth and so on, you found that when the figures came they wanted £870,000 to cover their deficit, whereas you had expected it would be £800,000?—Yes, Sir, those were, of course, estimates and we now know that they only require £830,000 for general grant. That £30,000 right at the bottom of that page is comparable with the additional £70,000 at the top of the paragraph. (Mr. Walker.) I think the point is that our estimates were better than the territory's. We estimated £800,000; the territory estimated £870,000. The £870,000 was an estimate; the actual turn-out was £830,000, i.e. slightly nearer to our estimate from this end than the territory's original estimate.

356. I see. When was the need for additional funds for foot and mouth known?—(Sir Alexander Clutterbuck.) I am afraid I have not got the date here. (Mr. Davey.) I think that would have been in the late autumn when we were asking for revised figures for this current year.

357. And are you satisfied the reasons for the shortfall in revenue are inescapable?—(Sir Alexander Clutterbuck.) Yes. My information is that the drought caused a certain decrease in activity which resulted in losses of revenue as well. These figures are all agreed with the Treasury.

Mr. Eden.

358. Could you give a bit more information on that? Is that possible? There was a sum of £70,000 required for the foot and mouth disease outbreaks and the same sum required which you refer to as consequential shortfall in revenue. Is that consequential on the foot and mouth disease or is it consequential on drought, or some other occurrence?—My information is that drought came into this a good deal so perhaps consequential is not wholly correct.

359. Could I ask a general question with regard to how far you can be expected to go into the detail of the Estimates from these territories? I notice, for example, in the original Estimates it says that the Comptroller and Auditor General is furnished by the C.R.O. with audited accounts?—Yes.

360. But to what extent can that give you information to be sure that the territory's estimates are soundly based?—We are in day-to-day touch with the territories throughout the year, and the department concerned prides itself on knowing practically everything there is to be known about them, and I think with constant visits and exchange of visits they follow them like their own children, so to speak. It is their business to see what happens in every department of the territory's life. I think they have a very good idea as to what is required and what is not. On top of that, of course, we have Treasury control, so that every penny that is spent by way of grant in aid has to be justified to the Treasury.

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Sir ALEXANDER CLUTTERBUCK,
G.C.M.G., M.C., Mr. C. M. WALKER, C.M.G.,
and Mr. F. H. DAVEY, O.B.E.

[Continued.]

361. So your department will then have made a pretty careful analysis of these two figures of £70,000?—Yes, certainly.

362. And by putting them forward in the Supplementary Estimate now we are right to assume that you have satisfied yourselves that these figures are the correct amount required?—Substantially correct, yes, and agreed with the Treasury, of course.

Mr. Thorpe.

363. May I ask, Sir, for a little further detail of the £30,000 ordinary grant in aid? What was that in respect to?—That was in relation to the £800,000. The territory asked for £870,000 and after it had been through the hoops of examination in our department and the Treasury it came out at £830,000.

364. £40,000 thereby being knocked off their original estimate?—That is right.

Chairman.

365. I take it the general system is that in a protectorate whatever their budget deficit comes to is made good by grant in aid?—Yes. This is grant in aid of the administrative expenses.

366. And it is always 100 per cent.?—Yes.

Mr. Thorpe.

367. If you were faced with a deficit of £870,000 on an initial provision of £800,000 and 100 per cent. grant is made to make up such deficiency, I do not see how £40,000 could be knocked off.—These are their own Estimates on their budget, you see.

368. This is purely on their estimated expenditure?—Yes.

369. You mean they showed an estimated deficit of £870,000?—In other words, instead of incurring expenditure which would involve them in a deficit of £870,000 they were only allowed to involve themselves in a deficit of £830,000.

Chairman.

370. On that same point, are we to understand that if an attempt had been made to arrive at that figure in the summer it might very well have been less

accurate than arriving at it now because you have more facts at your disposal now than you had then?—(Mr. Davey.) Yes, we know the actual revenue up to the end of September, for instance, for the full half-year, which is more accurate than the Estimates.

371. It enables you to guess more accurately the second half?—Yes, to get closer to the actual requirements.

Mr. Turton.

372. May I ask Sir Alexander what happens if this Estimate proves to be now too generous? What happens to any surplus that is not expended?—(Sir Alexander Clutterbuck.) The grant in aid is proportionately reduced.

373. It is surrendered to the Exchequer, is it?—Yes.

Mr. Eden.

374. It says in the Original Estimates that any balance is not liable to surrender?—(Mr. Davey.) Perhaps if I may say so, supposing we pay the full £830,000 on the general grant to the territory no part of that is liable to surrender by the territory. If they have some surplus on that it will be taken into account the following year because the grant in aid is not entirely confined to revenue and expenditure but takes into account cash balances, to prevent the territory building up cash balances by drawing more grant in aid. On the other hand, if we only paid £820,000, the £10,000 would be surrendered to the Exchequer.

Chairman.

375. When will it be known what they have spent? By the end of March?—Not until a good deal later next year, Sir, because the audited accounts will not be through until then.

Mr. Turton.

376. Are we clear on this expense? Any balance of the £800,000 would not have been returned to the Exchequer, but of the Supplementary if any is not spent it is returned to the Exchequer, is that it?—No. If it is not issued by the Commonwealth Relations Office to the territory then it is returned to the Exchequer, but not if it is fully paid to the territory. It does not follow that we should pay the full £30,000 to the territory if their figures—which I expect to

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Sir ALEXANDER CLUTTERBUCK,
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and Mr. F. H. DAVEY, O.B.E.

[Continued.]

get very shortly—to the end of December show their requirements during this quarter only amount to £10,000 or £20,000.

Mr. Thorpe.

377. Supposing it was all paid and there was a surplus at the end, would that be credited to the next year or would it be physically returned to the Treasury?—It would not be physically returned, it would be credited. (Sir Alexander Clutterbuck.) It would reduce the grant in aid for the next year.

Mr. Leslie Thomas.

378. It is shown in their cash balances and the Estimate for next year is reduced by the differential?—Yes.

Chairman.

379. Should we understand that irrespective of the authority of Parliament the actual sums remitted under that authority could well be less than the amount authorised if the cash available at the other end for their current needs is sufficient without the full quantity?—That is right.

Mr. Thorpe.

380. Could I ask, as a matter of general application, accepting that there are two procedures which could be adopted, either that any unspent surplus could be returned or alternatively that unspent surplus could be credited, as you have just mentioned, do you see any good reason for changing that existing procedure for a physical remission of surpluses back to the Exchequer, or is it more convenient that the surplus should remain there and be credited against next year?—I think it is more convenient that it should remain there and be credited against next year, and this is a system which has been worked out over many years with the Treasury; I think it is more convenient to them too.

381. It does not present the Commonwealth Relations Office with any difficulties?—No.

Chairman.

382. In the case of Basutoland again the figures were delayed. Have you taken the same steps there to prevent a recurrence?—There is £25,000 difference, that is all. Yes, we have taken the same steps.

383. And have you thought it proper to take these steps in other territories which have not this particular year delayed their figures? Are you making it a general application to prevent delay?—We are only concerned otherwise with Swaziland, and Swaziland has not been receiving grant in aid hitherto.

384. Those are the only three places where this system applies?—Yes.

385. And why do you say the problem does not arise with Swaziland?—Because it has not received grant in aid hitherto. We have put a token provision in because it is likely to have to receive a grant in aid next year.

Mr. Thorpe.

386. Why, as a matter of interest, is that? Because it is a fairly large territory with a fairly large population? Where does its finance come from?—I suppose it has got more local resources than the other two. The reason it is going to receive grant in aid is because as a result of development expenditure I gather the maintenance expenses, maintenance and upkeep, are going to mount up before the actual fruit of the development can be seen. In a few years' time the fruit of that development should materialise and that will put it all clear again.

Mr. Turton.

387. In the case of Basutoland, this is to a certain extent a hardy annual?—Yes, it is. It is the poorest of the three territories.

388. And last year you also introduced a Supplementary Estimate of £119,000, did you not?—I forget the figure.

389. Were there any unspent balances of that figure?—(Mr. Davey.) I do not know, I have not seen the accounts. (Sir Alexander Clutterbuck.) I am afraid I cannot answer that.

390. They would not be returned to the Exchequer, as I understand from your previous answer, they would go to the credit?—They would go to reducing the grant in aid this year, if there were any.

391. How was it that this error was made, a considerable one really when you think it was £120,000 last year and £420,000 required this year?—That is not an error. The only error here is that

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Sir ALEXANDER CLUTTERBUCK,
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[Continued.]

our Estimate was put in at £400,000 and after scrutiny of the colony's budget it was decided and agreed with the Treasury it would need £425,000.

392. Perhaps error is the wrong word. There is a very large difference from the previous year?—I beg your pardon, from the previous year; that is a different matter. I am afraid I have not got the details of the expenditure for that year.

Mr. Eden.

393. I think it is rather pertinent to our discussion, Mr. Chairman, if I may just submit this, in view of the fact that the main Estimate has increased from £120,000, 1959-60, to £400,000, 1960-1, and we are here being asked for a further £25,000. I just feel I would like to know how it is that the general grant in aid was not containable within the figure of £400,000, which was already a very substantial increase on the previous year. If I may put in a little barb here on the previous subhead, dealing with Bechuana-land, N.1., your guess was £800,000 and it turned out to be £830,000?—Yes.

394. And your guess on Basutoland was £400,000 and it turned out to be £425,000?—Yes.

395. What would have happened if your guess in each case had been £100,000 shorter? If on this one your guess had been £300,000, would the actual figures have turned out to have been £325,000? What I am trying to relate is, how was it that you were so accurate in estimating the year's figure which was such a substantial increase?—It is because, as I say, our department which deals with this kind of thing is in daily touch with the territory and they know exactly what is happening there. They get a lot of these figures in advance of the Estimates, though they have to wait until the Estimates have been collated by local governments before they can pass the final judgment, but they are in very close touch with them all the time. That is why they can estimate pretty closely what sort of sum they are likely to need.

396. At what sort of stage does the territory know the figure that you have given as the estimated amount in grant in aid coming to them?—They know for certain when the budget is complete, when their Estimates are completed.

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Chairman.

397. I think the question was, if they are not ready with their figures, as has happened here and you put a figure in, do you tell them at the time that you have put a figure in on their behalf?—I think we do.

398. And they are not even able with that knowledge to keep their Estimates down to your best guess?—Well, that is not surprising. This covers the whole range of governmental activity. We will gladly supply the Sub-Committee with a note, if the Sub-Committee would like that, showing the range of the budgets and the procedure which we have adopted.

Mr. Turton.

399. The difficulty, really, Sir Alexander, is that in this particular case what you budgeted for originally was three times what they got the previous year and yet you could not contain their revenues?—No doubt there were very special reasons for that.

400. I want to find out what the special reasons were?—We will gladly supply them.

Chairman.

401. I think the Sub-Committee would welcome that?—We will gladly supply them. All this, as I say, has been agreed with the Treasury so there is no leaping off into extravagances on our part.

402. I would like to ask you about the technique of the situation in regard to Swaziland. You say you foresee expenditure in the coming year under which grant in aid will be required, which has not been the case in that territory for some time, so you put in £10?—Yes.

403. Do you expect money in the year ending March 1961 to be spent in grant in aid for Swaziland?—No.

404. Then what is the merit of putting in a token for the following year rather than waiting for the main Estimate?—It is a technical point which perhaps the Accountant-General will explain. (Mr. Davey.) On a new service we cannot normally use next year's money until after the Appropriation Act is passed at the end of July, but if Parliament by means of a token approval given in the Supplementary Estimate now authorises that service we can get an advance from the Civil Contingencies Fund.

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Sir ALEXANDER CLUTTERBUCK,
G.C.M.G., M.C., Mr. C. M. WALKER, C.M.G.,
and Mr. F. H. DAVEY, O.B.E.

[Continued.]

405. How would you deal with that situation if there was no Supplementary to your Department?—I think an announcement would have to be made in the House, Sir.

406. What sort of announcements?—An announcement probably by means of question and answer explaining that it was intended by the Government to provide assistance by grant in aid to Swaziland in the coming year. It happens often, of course. There are items later in this Estimate for the cyclones in Pakistan on which an announcement was made in the House by question and answer, explaining that grants were to be paid, and on that we were able to get advances from the Civil Contingencies Fund to enable us to make the payments to Pakistan before this Supplementary Estimate was voted. That is the general principle behind this.

407. We have heard of this technique before and I wanted to learn how your department looks at it compared to other departments who have the same problem?—I see.

Mr. Marsh.

408. I wonder if, following that particular point, I might ask a question: it does seem to the layman to be a rather peculiar set-up that every time one puts in a Supplementary Estimate for one thing people add to it all sorts of other things, because it is more convenient to do it in that particular way. Is it so very difficult to do it in the more formal fashion by question and answer or by announcement in the House? Is there some considerable advantage in doing it this way?—I do not think so, from the department's point of view. This is the opportunity of doing it without laying it before Parliament in this way. It is a practice which I have been accustomed to for the number of years I have been concerned with Estimates, and so on, a practice to which the Treasury agree, and in fact they suggest it at times as a method of doing it.

Mr. Thorpe.

409. Could I ask purely for information: the mere fact that a Supplementary Estimate for £10 has been put it is not held to be giving blanket consent to one specific project, is that right, or is it blanket consent?—(Sir Alexander Clutterbuck.) It is blanket consent, I would take it—I may be wrong—within

the limit of what is put in next year's Estimates. (Mr. Davey.) Within the limits of what is put in the Supplementary Estimate for that particular item.

410. What detail would have been given for the Swaziland grant in aid of £10?—(Sir Alexander Clutterbuck.) Next year's Estimates.

411. For this particular Supplementary here?—(Mr. Davey.) We tell you on page 3 of the printed Estimate. That is the detailed explanation of the Supplementary, on page 3, the third item down.

Mr. Leslie Thomas.

412. Do you think there would be any greater degree of accuracy in estimating if the financial years of these various protectorates, Bechuanaland, Swaziland, and so on, closed three months earlier than the financial year of the United Kingdom? In this period you would then have the actual expenditure and the full details of Estimates for the next twelve months within a particular area?—I would think it might be rather more difficult, Sir, because the territories would be estimating sooner, as it were, for what we had to provide in our financial year.

Chairman.

413. Is it not the case that the Colonial Office find that is done, and they have in fact to deal with three-quarters of one colonial territory's year and one quarter of that territory's year afterwards?—That was the thought at the back of my mind. I was not familiar with Colonial Office practice in that way.

414. There have never been discussions with the Colonial Office as to their experience in this field?—Not so far as I am aware, Sir.

415. Moving on to the Maldivé Islands, from what you say one gets the impression that the decision to construct a dispensary ship and provide equipment for the fishing industry must have been known in advance of the financial year. It would therefore have seemed natural that that would have been part of the main Estimate. Why is that a wrong impression?—(Sir Alexander Clutterbuck.) I do not think it was known in detail in advance, Sir. You see, the agreement with the Maldivé Islands was only concluded on the 14th February,

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[Continued.]

1960, which is only little more than a month before our financial year ended, and it is only in pursuance of that agreement that H.M.G. undertook to make available to the Maldivian Government a further sum of £750,000 spread over a period of five years. It is only in pursuance of that that this detailed expenditure arises.

416. I am not clear; I thought that this £750,000 had already been provided for and this was an additional amount?—It is part of that sum. You asked why we put so little in the Estimate, did you not?

417. No, I asked why it could not have been in the main Estimate?—You mean why we did not put in £119,000 in the original Estimate instead of £30,000, is that what you are asking?

418. I am asking why this £89,000 which is here part of the Supplementary could not have been part of the original Estimate?—I was trying to explain that I think that the original Estimate was really in the nature more of a token because we only got the Agreement through in February, 1960.

419. Which was a year ago?—Yes, and therefore there was not much time to put it in the original Estimate. (Mr. Davey.) The main Estimate for 1960-61 went for printing on the 16th February, 1960, they are closed back in January so far as departments are concerned with the Treasury, and until the agreement was completed it was not possible even to negotiate the sort of thing on which money should be spent within the financial year 1960-61.

420. Just to follow that up, what makes you choose the Spring Estimate to put it in rather than the Summer, on the assumption it was known by the Summer?—I think I can say pretty certainly—without knowing the details of the negotiations—that we did not know what expenditure might be incurred up to 31st March next, for instance, on the dispensary ship, how many payments on account there would be. This £30,000 is for two payments on account to the builders. We would not know back in April or May last year, so soon after the agreement was completed, what could be spent on the fishing industry. It is the practice generally to put increased provision in

this Supplementary now because at this time also we have a much better idea of what savings we may be able to set against the Supplementary.

Mr. Thorpe.

421. So it is right to say that the agreement was reached and even though the agreement had been reached—accepting your point about the printers—the parties to the agreement were still not really certain as to the amount of money that would be entailed?—(Sir Alexander Clutterbuck.) What we reached agreement about was that we were going to give them the sum of £750,000 spread over a period of five or more years and we could not tell—

422. The apportionment had not taken place?—Yes.

Chairman.

423. You explained why it is the practice to choose the Spring Supplementary Estimates to deal with figures of this sort, better information, possibilities of savings under other heads, etcetera, why then is there any necessity for a Summer Supplementary at all?—(Mr. Davey.) We do not often have Summer Supplementaries, but in this case we were providing for expenditure on Nigeria, which we expected would become independent on 1st October, and it was known that we should be spending approximately £1 million out of this grant, a grant of £2 million, and also that we needed money for technical assistance for Nigeria, for which we had no Parliamentary authority.

424. I see. But it is exceptional to have a Summer Supplementary?—It is exceptional to have a Summer Supplementary.

425. Why has it taken all this time—I am looking at O.2—to deal with the journeys taken in 1958?—(Sir Alexander Clutterbuck.) That is to refund their fares.

426. Yes, I am wondering why it took all this time to find out what the refund ought to be. We are now in 1961?—This, I gather, covers a period of two years up to the signing of the agreement, is that not right?—(Mr. Davey.) The air journeys all took place in 1958 but there was considerable discussion between ourselves and the Air

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[Continued.]

Ministry with the Treasury in the picture as to whether it was proper for the cost of these journeys to be carried on our Vote or whether they should be borne by the Air Ministry as the airstrip had some connection with the arrangements leading up to the agreement.

Mr. Thorpe.

427. So in effect it would be permissible to put it in common parlance as a haggling between the C.R.O. and the Air Ministry?—(Sir Alexander Clutterbuck.) That is roughly it.

Chairman.

428. Turning to Malaya, I think the Sub-Committee may wish to discuss at a later date the practice of putting in Estimates only what you can foresee requiring to spend in a block figure such as £2,500,000. I understand that as far back as June, 1959, it was announced that a sum of £2,500,000 would be spent under this heading. Why is it necessary to wait so long to put in a figure for the current year out of that total? Could it not have been put in reasonably accurately in the main Estimate?—This Supplementary, as I understand it, represents the refund to Air Votes for the transfer of the Kuala Lumpur airfield, which, as you say, sir, resulted from negotiations undertaken in 1959. But my understanding is it was not expected that the transfer would be completed in time to be included in this financial year. We expected to make provision in next year's Estimate. But, as it has been completed, we are refunding the Air Ministry the cost now.

429. Is the moment of transfer a physical transfer or the moment when the proper fee has been calculated?—(Mr. Davey.) It is a physical transfer.

430. When in fact was that made?—It was completed in October, 1960.

Mr. Turton.

431. Could I be clear on this: this as put down, is it, as a debit in your Supplementary Estimate account, and is it at the same time a credit in the Air Ministry's Appropriation in Aid Supplementary accounts?—(Sir Alexander Clutterbuck.) I would assume so.

432. It is not clear from the Air Services Supplementary Estimate that

that is the case?—(Mr. Davey.) I would not know that.

433. To that extent, of course, no money passes really, does it? It is only a book entry between you and the Air Ministry; is that right?—(Sir Alexander Clutterbuck.) One assumes so. We are re-imbursing them for something which has been handed over to the Malayan Government.

434. Do you not think it would have been a little clearer to anybody interested in the Supplementary for £1,313,000 if rather more explanatory note were given than "Additional provision required"?—Undoubtedly; and we are very sorry about that because actually we had suggested an explanation there but somehow or other it got omitted from the printed Estimate..

435. Could you amplify that a little? Was it some other Department who took the decision to cut it out?—I think it must have been a misunderstanding with the Treasury. (Mr. Davey.) I think the Estimates Clerk in the Treasury inadvertently reduced the rather more detail that we had under that Subhead in explanation to the words "Additional sum required". (Sir Alexander Clutterbuck.) I think he thought we were being rather long-winded.

436. So the final wording that appears is the responsibility of the Treasury?—(Mr. Davey.) I am afraid it is in this instance. It is normal for the Treasury to consult the Department.

Mr. Thorpe.

437. Do you normally get proofs from the Treasury?—Yes. In fact we received the proofs last Friday and we were on to the Treasury straight away about this.

438. It is still possible to change this or not?—Well, it should be possible.

Chairman.

439. Will there be more items in the main Vote for the coming year under the agreement referred to?—(Sir Alexander Clutterbuck.) I gather that we shall want another £250,000 for equipment and £200,000 for the remaining part of the headquarters and the Cantonment; and there may be another item for properties which have been handed over outside this particular agreement.

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[Continued.]

Mr. Eden.

440. So the original Estimate of £2,500,000 will be substantially upgraded?—This goes further back: the original grant was £8 million. There are two portions to it, £5.5 million for various objects and then this £2.5 million for Kuala Lumpur airfield and so on.

Chairman.] Is there any evidence as yet to show whether the £2,500,000 will be exceeded?

Mr. Eden.

441. It has been already?—No, I am not suggesting that the £2,500,000 requires revision. You asked me if there was anything more of this kind coming on next year.

Chairman.

442. Yes?—And I said, Yes, there was a difference.

443. Quite, but I understood Mr. Eden to ask whether the £2,500,000 agreed upon looks like being exceeded?—No.

444. So that the extent to which these other things come in is set out against the remaining £5.5 million?—Yes.

Mr. Eden.

445. £2,500,000 relates only to those Kuala Lumpur airfield installations, Batu Cantonment, etc.?—That is right.

446. But the entry Q.1 in the Estimates, of which already nearly £2 million has been asked for the 1960-61 Estimate, is all part of the £8 million which was the original figure?—That is right.

447. And there still remains quite a substantial amount within the £8 million to come?—That is right.

Mr. Marsh.

448. Could I ask one question of fact? The figure for these installations is an estimated one that has been handed across. This is probably very elementary, but how accurate is the estimate of their value likely to be? Are they specifically valued or is it just a book figure which has been there for some time?—(Mr. Davey.) They are specifically valued as they are transferred and the original Estimate looks like proving rather larger than the actual value is proving to be now. We do examine in my Department very carefully indeed the figures that we get from the Service

Departments of what they have transferred. I am including now the reference to the £5.5 million as well as this £2.5 million—they run in together. We do examine most carefully the Service Departments' list of properties transferred to see that they are in line with the schedules of properties in the original agreements in 1957 and 1959, and to see that we do not pay more than we should to the Service Departments. It is quite an involved business but we have got a very close watch on it.

449. Do you mean that you check to see that everything you are buying, giving away and so on, is there, or that things are as far as possible revalued? Do you know, for example, that these installations in Kuala Lumpur genuinely are worth approximately £1,283,000, or is this a sort of inspired guess or book valuation?—It is not an inspired guess, I would say, because the Service Departments are expected to cost them as accurately as they can, taking into account whether they are well used or whether they are relatively new items and so on, so that every effort is made to get accurate figures both by the Service Departments and occasionally while we are dealing with them we may raise questions on them which may result in reductions.

Mr. Thorpe.

450. Do I hear you say that you now take the view that in the past there has been over-valuation?—I think the value that was placed on some of these items when the original agreement was made is proving in fact to be higher than the value which is now placed on them as they are transferred. In other words, we are not paying so much for them as was provided for in the original agreement.

451. Could I ask, arising out of that, two questions? First, how does such over-valuation arise? Is it as a result, for example, of physical depreciation between the time of valuation and the handover? Secondly, in the event of over-valuation is there any method whereby you can recoup the effects of over-valuation from the appropriate Ministry?—I think the over-valuation when a list of properties was made and was discussed was on the basis that this is the approximate value of this, that and the other. No cash was transferred. It was at a later stage that the cash was paid and it was found some of those

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[Continued.]

estimates were rather higher than the actual value.

452. Is that not rather a late time to discover?—When you are paying for it is the time to discover, which is now, and not when the lists were brought out.

453. This seems to me rather an important point, because even though it is one Ministry transferring to another, surely the purpose of the valuation is to get an accurate valuation of the actual value of the assets, and it is not much comfort if you subsequently discover there has been an over-valuation?—The earlier valuation was an approximate value for discussion between the U.K. Government and the Malayan Government. Lists of properties were got out and approximate valuations were put on them and that helped us to arrive at the £5.5 million and the £2.5 million. But when it comes to cash being paid from our Vote to the War Office and the Air Ministry, a proper up-to-date valuation is put on the property transferred; and the transfers have been going on gradually over a number of years as the Malaysians, for instance, could take them and use them in connection with the expansion of their armed forces. When that up-to-date valuation of the properties is arrived at, then we pay that figure to the Service Departments. The earlier valuation has not been used for any cash transactions at all. It is merely to arrive at an approximate figure: the property to be transferred is worth about £8 million.

Chairman.

454. Then we should understand from the system that although Parliament has authorised some £8 million worth of goods to be transferred, if when it comes out in the wash they prove to have been valued at £7,500,000, there is not authority for the extra £500,000 to be spent in cash?—Certainly not.

Mr. Eden.

455. Has Parliament actually authorised these £8 million in principle?—(Sir Alexander Clutterbuck.) I do not know that it can be said to have done that. It has been informed, of course, of H.M.G.'s intention and of course it has had the Estimates from the previous years, so that it is authorising them as they go along.

456. Are you aware of this figure ever having been announced in Parliament?

—Yes, it was announced in Parliament.

Mr. Leslie Thomas.

457. The £8 million was announced in Parliament?—Yes.

Mr. Turton.

458. Could I be clear on this point? With regard to the Kuala Lumpur airfield you did not expect to pay £1,250,000 out during this year at the time of the main Estimate? Equally, the Air Ministry did not expect to receive that amount from you at the time the Estimates were compiled. Is that right?—That is right.

Chairman.

459. Military assistance to Commonwealth countries: has there been any slip-up on the part of the clerk responsible for cutting down the explanatory note as was the case with Malaya?—I am looking at R on page 3 of this Supplementary Estimates?—It is the same explanation.

460. That also has been cut down?—Yes.

461. Are there any others that have been cut down?—(Mr. Davey.) Q.5, the one in between those, has been slightly reduced. They are the only ones.

Mr. Eden.

462. In your extended explanation on the Subhead R you have told us that this sum of £28,500 is required for the purpose of giving assistance towards the cost of training Nigerian service personnel in this country in 1960-61. I see from the original Estimate that a total sum of £140,000 was allowed under this Subhead for assistance for various Commonwealth Governments. Could I ask how many other Commonwealth Governments were included in that and what proportion of that original £140,000 was intended for Nigeria?—(Sir Alexander Clutterbuck.) None for Nigeria.

Mr. Eden.

463. Nigeria was not considered as one of the various Commonwealth countries at the time that the original Estimate was prepared?—No, Nigeria was not independent.

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[Continued.]

464. So this £24,000 plus £4,500 is a completely new entry?—It is a completely new entry.

Chairman.

465. Will there be any off-setting in the Colonial Office Estimate? Would you expect there to be?—I would think not, because this is a special arrangement which we have negotiated after Independence.

466. It is not something they knew already?—I should not think so.

467. Subhead T.7, Defence Stores £1,000,000 odd: are we right to understand that the decision to make no charge for the stores handed over in April, 1958, was announced to Parliament in December, 1960?—Yes.

468. And when was the value of the stores so handed over known?—I think we first were informed about it in October, 1960, about the time of Independence.

469. I think perhaps I did not make myself clear. In the autumn of 1960 the decision was taken to make no payment, but the amount due must have been known substantially before that, because the stocks were evidently physically handed over in April, 1958?—(Mr. Davey.) It was not known to our Department. (Sir Alexander Clutterbuck.) It was not known to us until the Independence celebrations in October, 1960, and this was followed by an announcement in the House of Commons on 20th December.

Mr. Marsh.

470. Can I ask a simple question? When these stocks were in fact handed over, was it then known that more than £1 million of stock was to be handed over?—(Mr. Davey.) Yes, I think so, but the War Office expected to recover from the Nigerians at that time. (Sir Alexander Clutterbuck.) We on our part did not realise that there was an outstanding War Office claim against Nigeria until Nigeria became independent, and then we were informed about it. Then we had various negotiations as to what should be done about this outstanding claim and H.M.G. finally decided to write it off.

Chairman.

471. So any information as to why the debt remained outstanding from April,

1958, until Independence would be better obtained from somebody else?—Well, it was the Colonial Office then.

472. Or the War Office?—It was a War Office claim. (Mr. Davey.) I may say the original figure was about £1.2 million and as a result of challenging it in one or two ways we got it down to £1,084,000. I just mention that in passing: we do look at these things.

473. But the War Office would not thank you for writing it down?—That is their problem.

Mr. Marsh.

474. May we ask what it was you were challenging, the actual stocks given or the valuation of them?—One thing was the rate of departmental charges; that accounted for quite a substantial part of it. And they found one or two slips in the figures which helped in the reduction.

Chairman.

475. Turning to V.5, Cyprus, is this another of these £10 token Votes brought in to enable you to go into action before the Consolidated Fund Bill?—(Sir Alexander Clutterbuck.) Precisely.

Mr. Turton.

476. Could I ask a question on V.6? You say this provision is being surrendered as a saving in the Supplementary Estimate on the Colonial Services Vote. In fact of course the Colonial Services are not asking for a saving; they are asking for more money under their Vote?—I mean that we are taking over something which the Colonial Office has hitherto done and therefore any money which we spend means a corresponding reduction in the money they spend.

477. Although in fact they are asking for more money?—Maybe, but not on this particular item.

478. On the Police Unit?—Are they? I do not understand that.

479. They are asking for £157,280 more; you are only asking for £9,900 more?—(Mr. Davey.) On the Cyprus police?

480. Yes?—I am sorry, I did not appreciate that. I checked this figure and I understood £20,000 was being surrendered as a saving in their Supplementary Estimate. (Sir Alexander Clutterbuck.) I suppose that must relate to the period before Cyprus became independent.

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[Continued.]

481. It is an odd position, is it not, when you get two Government departments asking for more money for the same Subhead?—Yes. In the Colonial Office it must relate to the period before Cyprus became independent, and ours relates to the subsequent period.

482. This seems extremely confusing because they are asking for more money and at the same time they are also claiming Appropriation in Aid, so it is a triangular operation. We will have to clear it up with them?—(Mr. Davey.) I am not certain how it works. I certainly verified with them that what I said here was in accordance with what they were doing or was acceptable to them, because I did not want confusion there.

483. Anyhow, you want the extra money?—Yes; from the Independence of Cyprus, that is where we come in.

Mr. Eden.

484. Can I ask if there is any estimate as to what the total cost of V.5 is likely to be? Is it possible to give that?—We think the allowances will be in the neighbourhood of £10,000 a year.

485. Is there any reason why that figure should not be given in the Supplementary Estimates in the explanatory part alongside the total figure so that when a token sum is asked for, one has some idea at that time what the total expenditure envisaged is likely to be?—(Sir Alexander Clutterbuck.) I do not see any reason why we should not, if Parliament will not take offence at our putting in something like that before the main Estimates for the next year are published.

Chairman.

486. There would be no practical reason from your point of view why £10 towards an estimated expenditure of X should not be put in?—I am quite content.

487. Subhead T.1 (point No. 23 in your memorandum), Expected Savings: could you give some idea of the percentage shortfall in the Estimate which has resulted in this large claim?—It is a very big shortfall.

488. Could you give us some idea of the percentage and the numbers?—(Mr. Davey.) We estimated in the neighbourhood of 300 people would

retire and something under 200 are retiring. The 300 was based on information received from the regions of Nigeria on inquiries we made—made by the Colonial Office, may I say. I am not pushing anything on to them, they are helping us very much in this; they have the expertise in this. This was back in October-November, 1959, and the best estimate that could then be made was on the basis of about 300 people retiring and on certain figures, which I am afraid I cannot give you, of the average sort of compensation and pensions that might be involved?—(Sir Alexander Clutterbuck.) Rather fortunately, from our point of view, the retirements have been a good deal fewer.

Chairman.

489. Quite. Does the same point apply to Subhead Z (No. 24 on your memorandum)?—(Mr. Davey.) That figure of £750,000 that went into Subhead Z early in the year was in a sense rather pressed on us when the Estimates were being closed. I personally felt that we should not get back anything like that figure within the current financial year, anticipating the difficulties that the Nigerian Governments in the early days of independence might find in dealing promptly with accounts. We expect to get back £136,000, which is our expenditure to 31st December last, within this financial year and what we do not recover in this financial year we shall hope to get back in 1961-62 and so on. We are aiming at putting in our claims and getting on account payments made by the Nigerians, leaving them to examine the claims in detail and make final adjustments as we go along, so that we get back our money more quickly.

490. Are you finding that the situation is solely delay or is there a dispute on facts and interpretations of decisions?—No, it is solely on checking claims and so on. But I think that will be rectified fairly soon. We are in touch with the High Commissioner out there and asking him to invite the co-operation of the Nigerians on that.

Chairman.

I think that covers the questions we want to ask and we are very grateful to you for your help.

WEDNESDAY, 8TH FEBRUARY, 1961.

Members present :

Sir Spencer Sumners, in the Chair.

Mr. du Cann.

Mr. Eden.

Mr. Thorpe.

Mr. Turton.

Sir EDWARD MUIR, K.C.B., Permanent Secretary, and Mr. T. BROCKIE, Under Secretary, Finance, Ministry of Works, called in and further examined.

Chairman.

491. I am sorry we must ask you to give a little time for our benefit but we thought we would like to ask you a little more about Class VII, 4, and in particular C.1, particularly having regard to the fact that there was a Supplementary in the summer of £50,000, an increase then of 10 per cent. on the original, and now a very large increase on even that total. Could you tell us what it is all about?—(Sir Edward Muir.) The increase in the summer Supplementary on C.1 was related to the jobs for which that Supplementary was taken, in fact, on subhead A. That Supplementary was taken because we had six new works (none of them very large ones) which had come into the picture since the Estimates were originally prepared and which were of very considerable urgency. There was a building at Brasita, Brazil, for example; there was some work in the Persian Gulf where, if the Foreign Office appoints new staff we have to build to house them. They cannot be housed in any other way in some of these places. And there were certain works in Africa due to what is going on in Africa in the various countries. The £50,000 on the C.1 which we asked for and took then was related to furniture needed for these specific jobs; it was not related to the state of affairs which has made it necessary for us to ask for this additional £225,000. I am afraid that there is only one thing basically that I can say about this: it is due to a lack of realisation at the time the Estimates were originally prepared of the pace at which events were overtaking us. We are, of course, facing at the moment a very (I hope) unusual situation, but at any rate a situation which we have not faced before, in this particular field. We are having to provide furniture—it is basically providing furniture—for places

leased by the Foreign Office or the C.R.O.—although in some cases which I will explain in a minute it is providing furniture for places which we ourselves buy or provide—at very short notice in very large numbers of parts of the world where we have not operated before. We have had, for example, to furnish establishments in a number of the former French West African possessions.

492. Before you go on to any fresh ones, could you explain how that comes about?—New posts. I am not quite sure when the Cameroons, which is one of them, becomes a country on its own. The Foreign Office post staff to the Cameroons (I think it is only one man but he has to be equipped) to a place called Yaoundé. Similarly in Somalia, we had to furnish houses both at Mogadishu, which is the capital of the country I believe, and at Hargeisa, which used to be the capital of British Somaliland and where the Foreign Office are now maintaining a post. Again at Dakar we have had to provide more equipment. There was a Consul there but there is more staff there now. We of course are also starting, and started during this year, again without previous notice, to equip places for the staff who are being posted and will be posted to Sierra Leone which I believe sets up on its own later this year. It is partly that we are facing this curious situation in which we, quite frankly, never know where a new post is going to turn up next.

493. Before you go any further, could you tell us how many new posts are covered by the description you have just given us and how much of the £225,000 would be relevant to those posts?—The list I have here covers about £135,000. Of that, far the largest lump is in Nigeria.

494. How many fresh places were there?—That is 11 fresh posts covered by that, counting 4 in Nigeria.

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[Continued.]

495. Before we pass on to any other slice of this total, it would be rather more than £10,000 per post?—It varies tremendously. At Freetown we have spent £15,000; Hargeisa £9,500; Dakar £3,000; Abidjan £5,500; the Nigerian posts a good deal more. The total for Nigeria is £87,000, covering 4 posts.

496. That represents £140,000?—That represents in round figures, £135,000.

497. And the rest?—The rest is, I am afraid, simply not realising how quickly new people would be posted to posts throughout the areas where we furnish them, which cover a good deal of the East. If the Foreign Office or the C.R.O. staff in what in broad terms one can call an African or an Oriental post, are increased, it invariably means (or almost invariably) that we have got to furnish some accommodation for them. It is not always the case but it very, very often is. And there is an urgency about this, because if this cannot be done quickly, it means that the Foreign Office or the C.R.O. are paying very substantial sums in allowances and so forth for a man and his family to live in hotels. Once a man gets there, it is rather important financially that he should be equipped properly fairly soon. There is a third category here which has gone rather more quickly than we had expected it to. It is only really in this last year that we have started on it in an organised way. We are now, if I may put it in this way, beginning on a rather larger scale than in the past to carry out the recommendation of a former Select Committee on Estimates which considered these matters in 1954; they recommended that we should consider the possibility in many more cases than we had done of buying or building for junior staffs in posts overseas, the reason for that being the enormous and continuing increases in the rent allowance bills falling on the Foreign Office and C.R.O. Votes. We have been doing a little of that. For financial and other reasons we have not really got down to an organised scheme of doing it until this last year when we took a provision in the Estimates for purchasing places of this sort. We have been, quite frankly, considerably more successful in not merely negotiating but getting possession of houses in a number of posts than perhaps we had ex-

pected to. There again, if one gets a house, it is not very desirable to keep it standing empty and we have reckoned to provide the furniture and equipment as soon as we have got it. I have a list here which covers houses in Ottawa, Washington, Nairobi, Dar-es-Salaam and others to come in New York and La Paz. Those will fall over into next year, I expect. I will not say this accounts for a great deal of this, it may account for something like £15,000 or £20,000 of it. That is, frankly, not having enough faith in our own power to do what in effect we were setting out to do in this particular field. We had a fairly elaborate survey made in the preceding year, of the world. We sent parties composed of our own people and Foreign Office people around to assess the position and see where it would be in fact economical from a rent point of view to do this, and this is the first organised step in that direction. We shall be continuing that process. I hope that we shall make proper provision for it in the future.

498. Would you expect there to be relationship in the Estimates, or at any rate in the Supplementaries, between the request for authority to spend money on new works overseas and the increase on furniture; in other words, if you got on faster than you expected, would it automatically follow that the same sort of percentage increase would be consequential in the field of furniture and equipment?—It would normally, as it did in our summer Supplementary. In this case what has happened is that we had sufficient provision on new works; we had not sufficient faith that we would get the things through as quickly as we did.

499. But this Supplementary contains an element of just under 10 per cent. increase for new works?—That is related to one particular purchase, the purchase of—

500. Are we to understand that you did provide enough to take care of the pace in which you bought things, but did not provide enough for the ancillary furniture?—I am afraid that is precisely what you are to assume.

Mr. Turton.

501. Could we have the finish of the preceding answer, to get it on the record?

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[Continued.]

Sir Edward was saying what that particular item was?—The purchase of property in Lahore.

Mr. Thorpe.

502. Could I ask this about furniture? Accepting that expenditure is very often caused by political events completely outside your control, what is the general policy with regard to furniture? Is it the policy to build up stocks and draw on those stocks or to make purchases as and when required; and in so far as many of the purchases have to be made at very short notice, does the urgency with which they are purchased in fact uplift the price paid?—We are dealing here, of course, not with the furnishing of major houses for Heads of Missions or even for Deputy Heads of Missions. What we are dealing with is furnishing of houses for comparatively junior staff and the furnishing of offices, and there is a great deal of that in this. Now, we reckon to standardise to the greatest possible extent and we reckon to place running contracts and supply off running contracts. We carry a certain stock in our stores, but at any rate particularly for overseas service, which goes up and down, we prefer to order direct from manufacturers off running contracts. The furniture is economically designed; it is designed by our own people and made to our specifications.

Mr. Turton.

503. My difficulty is that on this furniture and equipment you have now got to a level of 55 per cent. over your original Estimate?—Yes.

504. And with regard to Nigeria I should have thought there was a good deal of furniture that had previously belonged to the Colonial Office staff, to put it broadly. What has happened to that?—That now belongs to the Nigerian Government. This is a situation which always faces us. We cannot, if I may put it this way, cash in on the fact that there has been a Colonial Government there. We could not in India, we have not been able to anywhere.

505. So on hand-over, furniture that was paid for by the British taxpayer was taken?—With respect, it was not paid for by the British taxpayer. It was always paid for by the Colonial Government. The housing of the

Colonial Service, from Governors downwards, was the responsibility of the Colonial Government, not of the British Government. It did not fall on the Colonial Office Vote, and we invariably have to start afresh. We occasionally get something given to us. For example, in Kuala Lumpur the Malaysians gave us a house and, indeed, its furniture, for the High Commissioner. But that is pure goodwill and is rather rare.

506. I should like Sir Edward to tell us why at this stage we have suddenly got to purchase a building for the Deputy High Commissioner in Lahore?—Yes. This is a compound in fact containing a number of houses and the offices of the Deputy High Commissioner. It is a compound of $7\frac{1}{2}$ acres. There are the offices of the High Commissioner and the Information Service, the residence of the Deputy High Commissioner and of one First Secretary and one Staff Clerk. We have been in occupation of this compound ever since partition when of course rather ad hoc arrangements had to be made, both in India and in Pakistan. This property is what is called "evacuee property"; that is to say, it was the property of someone who had fled, I suppose, to India. It was in the hands of an official called the Custodian for Evacuee Property, a Pakistan Government official, and it is from him that we have been leasing it and to him that we have been paying the rent. We have always known that in course of time we should either have to buy this particular compound, which is perfectly suitable and they are perfectly good houses, or we should have to buy other land and build, if that turned out to be cheaper. Those were the two alternatives; there was very little else to buy, so I am told. We have not, quite frankly, been in any particular hurry about this, because we did not think anyone else was in any particular hurry about it. But I am afraid we were faced this year with a situation in which the Custodian of the Evacuee Property said we must now either buy it or he would put it up for auction and sell it in the market for as much as he could get. On the best assessment we could get of the position locally—my own people from Delhi and the High Commissioner's staff—it seemed that the best thing to do was in fact to buy it for the price which was asked. The alternative, as I say, was to buy—

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there was land we could have bought—and build, but I am afraid that we missed that 'bus because I do not know where they could have gone while we were doing that. That is the story—it came on us very quickly and it was a question of buy or get out.

507. What rent were we paying?— I am not sure that I can tell you that. We bought the place for £124,000.

Chairman.

508. Do you know how many years' purchase was arranged?—That is what I ought to be able to tell you but I am afraid I have not got a note of it. We could let the Clerk know.

509. Would you, please?—Yes.

Chairman.] I think that covers the points we had in mind. Thank you.

Memorandum submitted on behalf of the Secretary of State for the Colonies

Note: Subheads A.1, 3, 5 and 6. The financial year of the territories receiving grants-in-aid under these subheads is the calendar year. The Vote provision in a United Kingdom financial year is therefore calculated as follows:—

- ¾ Approved grant for calendar year
- ¼ Estimated grant for next calendar year

[but adjusted as necessary to allow for appropriation of surplus balances held by territories, and other factors.]

Subhead A.1—St. Helena (Grant-in-aid)—£15,000

The actual and estimated deficits in the St. Helena budget for the years 1959, 1960 and 1961 are £84,607, £124,361 and £123,093; after adjustment to take account of the different period covered by the United Kingdom financial year, the sums provided in the Colonial Services Vote for 1958–59, 1959–60 and 1960–61 are £83,350, £93,500 and £121,00 (including the supplementary provision of £15,000).

In 1960 revenue fell by £5,000 through a fall in the sale of postage stamps as there was no new issue. On the expenditure side, the major increases are due to salaries revisions costing approximately £6,000 in 1960 and an expected additional £6,000 in 1961, and an increase of £14,500 in payments in respect of ships calling at the Island.

The Supplementary provision of £15,000 now required is to meet (a) unforeseen miscellaneous increases in expenditure amounting to £4,099; (b) a shortfall in revenue (mainly import duties) of £6,626 and (c) an additional £4,275 required for the first three months of 1961.

Subhead A.3—British Solomon Islands Protectorate (Grant-in-aid)—£76,220

The actual and estimated deficits in the British Solomon Islands Protectorate budget for the years 1959, 1960 and 1961 are £242,066, £376,840 and £463,152; after adjustment to take account of the different periods covered by the United Kingdom financial year, the sums provided in the Colonial Services Vote for 1958–59, 1959–60 and 1960–61 are £213,400, £250,800 and £435,580 (including the Supplementary provision of £76,220).

The price of copra has fallen by approximately 25 per cent. since 1959. The resultant shortfall in export duty on copra amounted to £71,774 in 1960 and a further fall of £23,600 is expected in 1961. On the expenditure side, the major increase is due to the replacement of ships which have either sunk or are obsolete. This accounts for additional expenditure of £66,571 in 1960 and £80,000 in 1961.

Supplementary provision of £76,220 is now required (a) to meet miscellaneous unforeseen increases in expenditure amounting to £19,024 and (b) to revote £57,000 which it was expected would have been drawn from the 1959–60 provision (where savings of £96,000 were achieved).

Subhead A.5—British Honduras (Grant-in-aid)—£53,000

Her Majesty's Government provided a grant-in-aid of B.H. \$1,250,000 (£312,500) in 1959, and has agreed, following financial and economic talks with representatives of the

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[Continued.]

British Honduras Government in February, 1960, to make available a block grant of \$5.75m. (£1,437,500) in the four years 1960-63 inclusive. Of this amount, \$1.25m. (£312,500) was approved for 1960, and a further £375,000 will be made available in 1961. The original 1960-61 provision was calculated on a provisional grant-in-aid requirement of £251,125 pending the outcome of the talks, and £39,000 of the Supplementary Estimate is required to cover the higher approved grants after allowing for some adjustment of surplus balances held by the territory.

The balance of £14,000 is to cover expenditure incurred on repairing damage to crops and buildings caused by hurricane "Abby" which struck the southern part of the territory.

Subhead A.6—Virgin Islands (Grant-in-aid)—£20,800

Grants-in-aid approved in recent years have been as follows:—

| | | | | | | | | | U.S. \$ |
|------|-----|-----|-----|-----|-----|-----|-----|-----|---------|
| 1959 | ... | ... | ... | ... | ... | ... | ... | ... | 293,850 |
| 1960 | ... | ... | ... | ... | ... | ... | ... | ... | 447,046 |
| 1961 | ... | ... | ... | ... | ... | ... | ... | ... | 595,074 |

The increasing grants have been mainly due to increased public works expenditure on maintenance of vehicles, roads and bridges, on new office accommodation and workshops, and on rebuilding the Road Town Wharf at Tortola. The increased volume of public works expenditure is expected to be maintained in 1961, and the larger grant for that year reflects also some U.S. \$30,000 for restoration of damage caused by floods in May, 1960, and the cost of implementing a salaries revision covering the Leewards and Windwards generally.

The supplementary provision is required to (a) adjust an over-estimate of surplus balances held by the Virgin Islands Government in earlier years which has resulted in under-issues of grant-in-aid (£9,000), and (b) for additional provision for the first quarter of 1961 which could not be foreseen when the main estimate was under preparation.

Subhead A.8—Kenya (Grant-in-aid) £10

The provision now sought is for the purpose of obtaining Parliamentary authority for the service and thus enabling money to be drawn with effect from 1st April, 1961 from the substantial provision which is to be included in the Colonial Services Vote for 1961-62.

Subhead B.1—Malta (Grant-in-aid)—£443,940

Special grant-in-aid in respect of heavy retrospective wage and salary awards for industrial and non-industrial staffs—£400,000

Malta has received general financial assistance for a number of years, and in the last two years the main item has been a contribution to the Capital Programme of £29½ million to which Her Majesty's Government are committed.

As a result, however, of an arbitration pay award, recommending an increase of no less than 15 per cent. to industrial staff with retrospection to 1st April, 1959, and the consequential adjustments to non-industrial staffs the Malta Government are faced with an additional bill for wages of £1,055,000 in 1960-61 and about £527,000 a year thereafter. Meanwhile, a Commission has been appointed to review Police Pay. The Malta Government has introduced additional taxation estimated to bring in £813,000 in a full year but which would only produce £425,000 during the remainder of 1960-61. With the estimated balance available in the Consolidated Revenue Fund amounting to £370,000 at the end of 1960-61 the deficit uncovered is £260,000 plus the cost of the Police pay revision which may amount to £175,000. Since the financial consequences of the award were out of all proportion to anything which could reasonably have been anticipated, Her Majesty's Government has agreed to provide a special grant-in-aid of up to £400,000 towards the deficit on the 1960-61 recurrent budget.

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The wage increase awarded by the arbitrator has also led to additional provision being required for:—

| | | | | | | | |
|---------------------------------------|-----|-----|-----|-----|-----|-----|--------|
| (a) Civil defence measures | ... | ... | ... | ... | ... | ... | £8,840 |
| (b) Maintenance of strategic reserves | ... | ... | ... | ... | ... | ... | £3,000 |

and on

| | | | | | | | |
|---------------------------|-----|-----|-----|-----|-----|-----|---------|
| (d) general financial aid | ... | ... | ... | ... | ... | ... | £80,000 |
|---------------------------|-----|-----|-----|-----|-----|-----|---------|

to meet the extra cost of wages falling in that part of the Capital programme financed from the Colonial Services Vote. The total increase of £491,840 is offset by savings of £47,900 on the Underground Oil Storage Scheme.

Subhead B.2—Falkland Islands Dependencies (Grant-in-aid)—£75,000

Actual expenditure from the Colonial Services Vote for this service was £270,675 in 1958–59 and £510,000 in 1959–60. Annual appropriations from the Dependencies' reserves towards the cost of the Dependencies Survey ceased on the 30th June, 1959 when the reserves had been reduced to an agreed level. At the same time additional expenditure arose from the increased activities of the Survey including taking over the Royal Society base at Halley Bay at the end of the International Geophysical Year. This increased activity is being maintained in the 1960–61 season during which it is also hoped to re-open the Survey's most southerly base.

Estimating for this subhead is particularly difficult as the Dependencies' financial year runs from July to June, and provision in any United Kingdom financial year has to be determined in January on the basis of a tentative programme of work to be undertaken during the Antarctic summer nearly a year ahead. The original provision in the 1960–61 Estimate was accordingly based on telegraphic information received from the Governor of the Falkland Islands. On the basis of later information £80,000 was provided in the Summer Supplementary Estimate to cover (a) a deficit in the general revenue balance at the opening of the Dependencies, 1959–60 year; (b) the revised estimated outturn for 1959–60 being less favourable than anticipated in the figures telegraphed by the Governor in January, 1960; and (c) expenditure revealed by the detailed estimates for 1960–61 being higher than that provisionally forecasted earlier.

Further provision of £75,000 is now required for the following reasons:—

- (i) One of the Survey's aircraft crashed on landing on sea ice and was destroyed. Immediate replacement of this aircraft was necessary in order to ensure the safe relief of the survey bases and approval was given to purchase a new Otter aircraft at a cost of £45,000.
- (ii) Increased provision of some £15,000 was required to meet the cost of refitting the "John Biscoe". The sum required cannot be known with certainty until the ship is taken into dockyard hands. Part of the increase is due to ice damage received last season and is recoverable from the insurers.
- (iii) In the light of experience the insurers have increased their premium for ice damage insurance of the "John Biscoe" by £5,795.
- (iv) Minor increases on other miscellaneous items make up the remainder of the £75,000.

Subhead B.5—The West Indies Federation (Grant-in-aid)—£175,000

Arising from the London Conference of the British Caribbean Federation held in February, 1956, Her Majesty's Government subsequently agreed after discussions with representatives of the Federal Government, to make available a total sum of £8.75m. for the five years commencing on 1st January, 1959. From that date the Federal Government assumed responsibility for the provision of grants-in-aid of administration to the unit governments, and provision in the Colonial Services Vote is based on the Federal Government's estimates of issues it will make to unit governments.

The supplementary provision of £175,000 is required to meet the cost of provisionally increased salaries in the Leewards and Windwards (calculated pending a final decision on the basis of 15 per cent. of 1960 personal amoluments) and for a grant-in-aid of £143,229 for St. Kitts-Nevis which has not hitherto needed assistance.

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Subhead B.6—Montserrat (Grant-in-aid)—£6,834

Heavy seas resulting from hurricane "Greta" which passed over the Leeward Islands in November, 1956, caused damage which necessitated the rebuilding of the Plymouth jetty in Montserrat. Following a report of a firm of consulting engineers, a programme of reconstruction was approved which provided for 75 per cent. of the cost to be met from the Colonial Services Vote and the balance from C.D. and W. funds.

The latest estimate of the total cost is £50,154 of which £37,615 is payable from this Vote. The work has now been completed and the supplementary provision of £6,834 represents the balance of the amount due from this Vote after allowing for the existing provision of £6,256, and £24,525 spent in 1959–60.

*Subhead B.10—Mauritius (Grant-in-aid)—£805,000**Subhead B.11—Mauritius (Loans)—£573,000*

It was announced in Parliament on 14th July, 1960, Hansard, H. of C. Vol. 626, No. 146, in reply to a question by Major Patrick Wall, that following discussions between Mauritius Ministers and the Secretary of State and Colonial Office officials, Her Majesty's Government would be prepared to make available to the Mauritius Government financial assistance totalling up to £6·33 million towards an agreed programme of rehabilitation and reconstruction following cyclones in January and February, 1960. Of this amount grants of £2·952m. and loans of £1·128m. were to come from the Colonial Services Vote, £0·5m. from the C.D. and W. Vote and £1·75m. from Exchequer Loans.

The charges falling upon the Colonial Services Vote represent contributions towards replacing services to the standards existing before the cyclones as opposed to the improvement element involved in reconstruction which is a proper charge to C.D. and W. and Exchequer loan funds. To enable expenditure on the reconstruction programme to proceed, supplementary provision of £805,000 (Grant) and £573,000 (Loan) is required to permit repayment of advances from the Civil Contingencies Fund which have been issued as follows:—

| <i>Item of Programme</i> | <i>Sum required from C.S. Vote</i> | |
|---|------------------------------------|----------|
| | £ | £ |
| (a) Rehousing programme | | 55,000 |
| (b) Government Buildings, Services, Relief | | 750,000 |
| Total Grants | | £805,000 |
| (c) Loans for repairs to electricity supplies, etc.: | | |
| (i) Loans to Central Electricity Board | 360,000 | |
| (ii) Loans to Aided Schools | 26,275 | |
| (iii) Loans to Urban Authorities | 15,475 | |
| (iv) Loans to Fishermen | 11,250 | |
| | | 413,000 |
| (d) and (e) Loans for private house repairs, etc. and loans for Government services and industry | | 160,000 |
| Total Loans | | £573,000 |

Subhead C.26—Mauritius—£16,185

H.M.S. Gambia was diverted to Mauritius and gave assistance following the cyclones. Provision is made to reimburse the Admiralty for the extra costs incurred as a result of this operation amounting to £16,185.

Subhead B.12—St. Lucia (Grant-in-aid)—£100,000

St. Lucia suffered considerable damage from hurricane "Abby" which struck the island on 10th–11th July, 1960. The Acting Financial Secretary and the Agricultural Survey Officer of the Federal Government of The West Indies proceeded to the island on 20th July and reported to the Federal Government before the end of that month on the extent of the rehabilitation programme which they considered necessary. Their conclusions were endorsed by the Federal Government and were submitted to the

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Secretary of State on 28th July, 1960, in support of a case for assistance to the extent of \$1·219m. (grant) and \$0·484m. (Loan).

After examining the Federal Government's recommendations, Her Majesty's Government invited St. Lucia to consider ways in which the loan elements might be financed within the limits of her own resources. On the grant side Her Majesty's Government were able to agree to provide the following assistance:—

| | | | | | | | | |
|------------------------------|-----|-----|-----|-----|-----|----|---------|-------------------------------|
| (i) Leaf Spot Control | ... | ... | ... | ... | ... | \$ | 150,000 | |
| (ii) Fertilisers | ... | ... | ... | ... | ... | | 369,000 | |
| (iii) Soil conservation | ... | ... | ... | ... | ... | | 31,000 | |
| (iv) Roads and Bridges, etc. | ... | ... | ... | ... | ... | | 450,000 | |
| | | | | | | | | B.W.I. \$1,000,000 (£208,333) |

of which £100,000 is expected to be required to 31st March, 1961.

A statement about this was made in the House of Commons on 8th November, 1960 (Hansard, H. of C. Vol. 629, No. 6).

Subhead B.13—The West Indies (Grant-in-aid)—£50,000

Hurricane "Donna" which passed through part of the Caribbean area in September, 1960, caused considerable damage in the islands of Anguilla, Nevis, Barbuda and Antigua, and in the Turks and Caicos Islands. All these islands are within The West Indies Federation, and it was agreed that the Federal Government should coordinate and prepare a programme of relief and rehabilitation, bearing in mind the ability of the inhabitants to contribute towards the cost of repairs to houses, vessels, etc.; any savings on ordinary revenue resulting from the inclusion of new works which might obviate the need for ordinary maintenance which would otherwise have been undertaken; and any other local funds which might be available.

The Governor-General's application for assistance from Her Majesty's Government is for a grant of £195,750 and a loan of £160,416. Allowance was made, however, for the use of certain United Kingdom grant funds in the hands of the Turks and Caicos Islands which cannot in fact be made available for this purpose and the true amount required by grant from Her Majesty's Government is therefore £210,750.

The application was received too late to be examined in detail before the Supplementary Estimate was due to close, but without prejudice to what may be agreed after more detailed examination, provision for a grant of £50,000 has been made on the assumption that the application will be examined and cleared fairly quickly and that the islands will be able to undertake expenditure of at least this amount by the end of March, 1961.

No provision has been made for loan expenditure which is almost entirely in respect of expenditure on repairs and reconstruction of houses over and above the amount to be covered by free grants. While it is agreed that loan assistance for house repairs is appropriate above certain limits, there is some doubt about the rate at which such loans will be taken up and it is unlikely that funds will be required before 1961-62.

Subhead C.1—Internal Security Measures: Item (a) (iii): Cost of East African Land Forces from 1st July, 1960—£112,000

The report of the Kenya Constitutional Conference held in London in January to February, 1960 (Cmnd. 960), announced *inter alia* that Her Majesty's Government would assume financial responsibility for the East African Land Forces from 1st July, 1960, and provision for the cost was made in a Supplementary Estimate for £1·9m. in July, 1960.

The War Office now administer the East African Land Forces on behalf of the Colonial Office and meet the cost in the first instance, subject to reimbursement from the Colonial Services Vote. The supplementary provision of £112,000 is required to make good the difference between the latest estimate (based on experience) of the strength of the East African Land Forces after allowing for certain changes in the establishment of the Forces and some lesser variations of pay and cost of movements, and an appreciation by the War Office and the Colonial Office, before the assumption

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of responsibility, of the probable civil and military strengths of the East African Land Forces required under the proposed arrangements for War Office administration of the Forces, on which the original estimate of £1.9m. was based.

Subhead C.1—Internal Security Measures: (d) (i)—Reimbursement of Service Departments—Southern Cameroons—£442,500

Upon the independence of Nigeria on 1st October, 1960, the British Cameroons, hitherto administered as part of Nigeria, was separated from that country and became the direct administrative responsibility of the United Kingdom. It will continue so until the results of the two plebiscites to be held on 11th February, 1961, and giving the Northern and Southern parts of the territory the choice of joining either Nigeria or the Republic of Cameroun are known, and after that date until United Kingdom trusteeship is terminated, possibly some months later.

The provision of £442,500 represents 50 per cent. of the extra cost of employing British troops from the U.K. for six months to the 31st March, 1961 in the Southern Cameroons to replace the Nigerian battalions withdrawn when Nigeria became independent on 1st October, 1960. Of the total of £442,500 an amount of £375,000 is in respect of W.O. charges and £67,500 is payable to Air Votes for transport aircraft, etc.

For a substantial period immediately before Nigerian independence, two battalions of the Nigerian Military Forces had been stationed in the Southern Cameroons, for internal security and external defence. On the administration of the territories being separated it was necessary to replace them by U.K. troops.

Subhead C.1—Internal Security Measures: (d) (ii)—Reimbursement of Service Departments—East and Central Africa—£437,633

Provision is required to reimburse the Service Departments with certain costs arising from the movement of United Kingdom troops in East and Central Africa.

Subhead C.1—Internal Security Measures: (d) (iii)—Reimbursement of Service Departments—British Guiana—£414,146

| The supplementary provision is composed of | £ |
|---|-----------------|
| (i) Extra costs of Company in British Guiana from April, 1956 to March, 1960 | 129,146 |
| (ii) Extra cost of Company in British Guiana, plus 50 per cent. extra cost of H.Q. and supporting units in Jamaica in 1960-61 | 285,000 |
| | <u>£414,146</u> |

At the time of the suspension of the British Constitution in October, 1953, a battalion of U.K. troops was sent to the Colony from the U.K. Units of battalion strength remained there until the beginning of April, 1956, when they were replaced by a Company. They have since been relieved but a Company is still stationed in the Colony.

The excess cost of maintaining these troops in British Guiana between the 8th October, 1953 and 31st March, 1956 (the battalion period) over the normal cost of such troops in the U.K. was £627,040, all of which was paid by the Government of British Guiana.

In view of the changed political position following elections held in 1957 in British Guiana and also of the territory's financial situation, it has now been agreed that the War Office excess costs should be met out of the Colonial Services Vote. The total extra cost of maintaining a company of troops in British Guiana from April, 1956 to March, 1960 over the cost of their normal station in Jamaica amounted to £129,146.

The remainder of the supplementary estimate, i.e., £285,000, represents the extra cost for the period from April, 1960 and is considerably greater since it has now been agreed that the extra costs (as compared with the U.K.) of the Battalion H.Q. in Jamaica with its administrative services and two support Companies should be shared equally between Civil and Defence Votes and that the charge for the Company in British Guiana should be calculated from April, 1960 on the basis of excess cost over the U.K. Accordingly estimated sums of £55,000 in respect of the British Guiana company and £230,000 in respect of 50 per cent. of the extra cost of the H.Q. and supporting units in Jamaica have been accepted as chargeable to the Colonial Services Vote in 1960-61.

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[Continued.]

*Subheads C.7, C.21, C.24 and C.25: Cyprus**C.7—Cyprus Police Unit—Supplementary of £152,280*

This is a formal vote to meet the statutory requirement that payments to members of the U.K. police unit in Cyprus must be made by the Secretary of State. Actual expenditure was met from Cyprus Government funds and this Vote is counter-balanced by a corresponding appropriation in aid.

C.21: Services excess costs—£10

Token provision is made to obtain Parliamentary authority to extend the scope of this service to cover excess costs incurred *after independence*, largely on account of movements following upon the transfer of power and of the maintenance of personnel unavoidably remaining in Cyprus.

C.24: Terminal Account—£485,000

Expenditure had to be incurred after the date of independence, e.g., on leave salaries for expatriate officers, compensation payments, passages, etc., for officers remaining at or near to the date of independence. The treaty with Cyprus provided that the Republican Government should assume the obligations of the former Colonial Government except where special arrangements were made. Although the items covered by the "B" Account were liabilities which the successor government would normally have assumed it was necessary in the circumstances of the Cyprus settlement for them to be met by Her Majesty's Government.

C.25: Aid to Turkish Cypriot Community—£500,000

In accordance with the terms of the Exchange of Letters at Appendix U of Cmnd. 1093, the United Kingdom is to make available a grant of £1,500,000 to the Turkish community in Cyprus to be used for education, the development of Vakf property and other like purposes which fall within the competence of the Turkish Communal Chamber. To meet immediate requirements, £500,000 of this grant was advanced from the Civil Contingencies Fund in July. Provision for this amount paid before independence is made, therefore, in the Colonial Services Vote. Subsequent payments became the responsibility of the Commonwealth Relations Office.

*Subheads C.9 and C.23: New Hebrides**Subhead C.9: (a) New Hebrides Administration and (b) Payments to the British Solomon Islands Protectorate for services to the New Hebrides performed at Honiara—£4,527*

Additional provision required to meet increased expenditure on the Works programme (£7,776) under (a) is partially offset by savings elsewhere in the New Hebrides Estimates leaving a net requirement of £3,767, and a further £760 is needed under (b) to the New Hebrides share of additional expenditure on passages of staff incurred by the Western Pacific High Commission Secretariat who perform some services on behalf of the New Hebrides.

Subhead C.23: New Hebrides (Loan)—£1,590

Following a hurricane in the New Hebrides in December, 1959, it was decided to establish a hurricane rehabilitation loans scheme to make loans to British subjects whose businesses and plantations suffered damage. Loans will be made on the security of movable or immovable property for the purchase of replacement equipment; the reconstruction of workshops, plantation buildings, offices, storage accommodation and dwelling houses; and the replanting of plantations. No loan will exceed £A5,000 or 10 years in term and interest will be charged at 2½ per cent., except that a loan may be free of interest for a maximum of 3 years. The total cost of the Scheme is estimated at £A10,000.

Subhead C.16: Singapore: Relief of Distressed British Subjects—£10

Token provision has been made to obtain the authority of Parliament for an extension of the scope of the subhead to cover persons who although they may be citizens of Singapore have links with the United Kingdom and to permit their repatriation.

Subhead C.27: Hong Kong—£6,250

A typhoon struck Hong Kong on the 9th June, 1960 causing extensive flooding in the Island and the New Territories. Forty-nine people were known to be dead with 12

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missing, 27,896 were registered as in need of temporary relief many of them having been rendered temporarily homeless, at least 330 huts were demolished, and 234 boats were lost with 40 damaged and 20 missing.

A relief fund was established to make rehabilitation grants to fishermen who had lost their boats, building grants to replace destroyed huts and farm buildings and to repair severely damaged village houses, and for burial expenses and compensation grants to families who had lost their bread-winners. As announced in the House of Commons on the 21st June, 1960, Hansard H. of C. Vol. 625, No. 129, Her Majesty's Government contributed £6,250 to the relief fund. This amount was advanced from the Civil Contingencies Fund and provision has now to be made for it in the Colonial Services Vote.

Subhead C.28—Jamaica—£15,063

The Jamaica Government agreed in 1959 to stage the 1962 Central American and Caribbean Games, and are to build a national stadium on a site of some 78 acres of War Office land which they have agreed to purchase at a cost of £3,250 per acre for the land, i.e., total of £254,850; £100,000 to be paid on possession as a deposit and the balance over a period of seven years—a two-year moratorium followed by five equal annual capital instalments; interest at 5½ per cent. on money due to be payable throughout. The provision now requested is to enable the payment of interest accruing during the two years moratorium to be waived.

Subhead D.1—Caribbean Commission—£2,500

Because the establishment of an organisation to succeed the Commission from 1st October, 1960, has been deferred, it has been agreed that the additional expense of continuing the existing Commission for a further year to 30th September, 1961, should be divided between contributing Governments in the usual proportion. As a result Her Majesty's Government has agreed to provide an additional £5,000 and supplementary provision of £2,500 is included to cover the six months ending 31st March, 1961.

Subhead G.3—Her Majesty's Overseas Civil Service: Miscellaneous Expenses—£40,000

Part (b) of this Subhead is used to meet the pensions, gratuities and balances of lump sum compensation payable to Nigerian Special List 'B' officers whose date of retirement fell before the date of Nigerian independence.

The original provision was difficult to estimate accurately since it could only be assessed on a rough forecast of the number of officers likely to retire before the date of independence and of the awards to which they would be entitled. The latest review of the position allowing for payment of revised awards (necessitated by a Nigerian salaries revision back-dated into 1959) and awards not yet completed in respect of some officers known to have retirement dates prior to the date of independence, indicates the need for additional provision of some £40,000 to meet claims up to 31st March, 1961.

Subhead G.5—Minor Colonial Services—£4,510

The supplementary provision is required to meet increased reimbursement of purchase tax paid by Colonial Commissioners in the United Kingdom and other purposes.

Examination of Witnesses.

Sir HILTON POYNTON, K.C.M.G., Permanent Under-Secretary of State, and Mr. H. A. HARDING, C.M.G., an Assistant Secretary, Finance Department, Colonial Office, called in and examined.

Chairman.

510. We have one or two general points which arise from the memorandum you have been good enough to give us before we come to the itemised supplementaries. First of all, do you find that this system whereby the financial year overseas is the calendar

one and here it is April to April, in practice, has any advantages or disadvantages?—(Sir Hilton Poynton.) I would say from our point of view in making up the Estimates it is a complication, naturally, but not I think a serious one. We have always felt that the financial year of the territory itself is probably

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best arranged to meet their needs as they see it out there. I would not attempt, I think, to standardise them.

511. When you are dealing with Estimates for Parliament which have to be presented before the 5th April, does it mean that you are dealing with information derived from overseas earlier than if their year was the same as yours?—Yes, it would. Perhaps, Mr. Harding, you could supplement that. (Mr. Harding.) There is always the difficulty, whatever their year is, that they have to prepare things further in advance in order to give us and the Treasury time to consider them. Where I think the embarrassment comes when the financial years are different is that we have to make provision in our main Estimate for, say, three-quarters of their current financial year and a quarter of their succeeding financial year. Now, all we can do about the final quarter we are making provision for is to put in the same amount as is being required currently. Even if we know it is going to go up in all probability, we do not want to put it in our Estimates because that would prejudice the negotiations about their next year's budget; and in that sense it does make it more difficult for us.

512. If the overseas government is dealing with a period, say, 1st January, 1961, to the end of that year, when in 1960 do they send you their proposals for that year?—In the autumn, but they would do that in any case.

513. Do they not have to do it sooner because their year is three months in advance of yours?—Not really, because most of that three months, so to speak, is taken up in our considering their Estimates anyway. If they were estimating from April, they would still have to put the information to us in the autumn well before Christmas so that we could agree with them the amount of the grant-in-aid and get it into our Estimates in January.

514. May I put it to you differently? If you asked for information about that time in advance of your date, namely April, which suited you, would they not get very close to reality at the other end because they are financially in advance of you?—No. There are devices by which we can get over that; they have to have their Estimates approved, but if we have not finished examination

of them, we can reserve certain items for further consideration.

515. We understand the Protectorates administered by the Commonwealth Department are dealt with on the same financial year as ours. Has there ever been discussion so far as you know between your Department and that one to see if there is any value in comparing experience?—Not that I know of but of course a lot of our Colonial territories do have the same financial year as we do. It is a matter of coincidence that the grant aided ones at the moment, I think, are nearly all different.

Mr. Thorpe.

516. Does it come to this, that if there is the three months' lag, if it is so that one is dealing with a Dependency which has a different financial year, you are estimating 9 months actual plus one-third of that figure?—Plus one quarter its value in the year.

517. So that the former is a more actual and a realistic Estimate than the latter?—Yes.

Chairman.

518. Is it not one-third?—One-third of the nine months, yes, but one quarter of the whole.

Mr. Thorpe.

519. Is it found that in respect to those territories in which the form of Estimates has that artificiality, there is a greater need for Supplementary Estimates?—Certainly, yes.

520. So that is from an accounting point of view a definite disadvantage?—I would not say that Supplementary Estimates were necessarily a disadvantage—at any rate, if it is a comparatively minor item.

521. Would it be right to say that it would be your policy to avoid them as much as possible?—Yes.

522. So that to that extent it would be a disadvantage as opposed to an advantage to the higher incidence of Supplementary Estimates?—Yes.

523. So that to that extent this form of accounting, in so far as the financial year differs from the United Kingdom, is a disadvantage for estimating purposes?—For estimating purposes, yes.

Chairman.

524. Is there any reason to think that would cause a fearful commotion at the

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other end if they were to fall into line with our accounting year?—I think there is usually a good reason for their not having our accounting year. For instance, in the West Indies, to take one example, it is desirable that they should all have the same accounting year. There is the question of crop seasons. If you estimate when your main crop season is, say, six or nine months ahead, you have very little to go on in the shape of revenue figures. I think there are in every case good local reasons for the financial year they have chosen.

525. In so far as there is disparity with us, is it always the calendar year which is the different period or is it some other variation?—No. July to June is a common financial year of East African territories.

526. How do you handle that? You told us for the April to April you add on one quarter; how do you deal with it when it is July to June?—We have not at the moment got a grant in aid for any East African territories, though we have put in a token Supplementary for Kenya. What we will have to do is very much the same. In our main Estimate next year we are putting in for Kenya enough to cover their requirements in their current financial year. The money will become available in April, which is during Kenya's current financial year. There will be a new government in Kenya at about that time and we shall have to negotiate with them what financial aid seems likely to be necessary for their 1961-62 financial year, starting on the 1st July, and we shall have to put in a Supplementary Estimate for that.

527. So it really amounts to this, that where there is disparity of period it is almost inevitable that you will have to come to Parliament for a Supplementary?—I think "almost inevitable" really is rather too strong. It depends on experience. But it does make it more likely, certainly. (Sir Hilton Poynton.) I think, if I might add this, in the particular case we are coming to in Kenya, the necessity for a Supplementary Estimate is more likely to be influenced by the fact that we are having to negotiate with a new government that has not yet been formed, and one cannot get very far at this stage till they have had their elections and formed their new government.

Mr. Thorpe.

528. But that is an exceptional once for all contingency?—That is an exceptional one, the fact that there is an election for forming a new government, yes.

Chairman.

529. In several of these cases you have given us amplification of the reasons for the figures for which Parliament is asked to give authority, and you give a series of reasons and then you finish up by saying that the provision is required for (a), (b) and (c). It is very hard to follow the link between these two parts of the memorandum. I wonder if we could take the first one as an example and you could enlighten us? Taking this Sub-head A.1 as an example of my worry, it refers to £14,500 in the, so to speak, preamble in respect of ships calling at the island. That is quite a sum of money out of the total of grant in aid of £156,000; yet when you come to the (a), (b) and (c) reasons there is no mention of it at all, and I am a little puzzled?—(Mr. Harding.) The reason is paragraph two of this section is designed to show why the grant in aid is growing. In 1960 there was a fall of revenue, there was additional expenditure on salaries and an increase in the shipping subsidy. Now, to a certain extent those were forecast and provided for in the main Estimate. The unforeseen things which require a Supplementary are the things in the final paragraph.

Chairman.] I understand. That certainly throws some light on what I could not follow.

Mr. Eden.

530. Could you just say what the payments in respect of ships are? What is the nature of those payments?—No Shipping Line would normally call at St. Helena but by arrangement with Union Castle we divert one ship, I think, every two months and we have to make a payment to them for that. (Sir Hilton Poynton.) They did in fact decide that they would have to cut off the calling at St. Helena in one direction entirely and the only way we could get them to put back the intermediate boats was by increasing the payments that we made to them.

Chairman.

531. This is an example of what some people think ought to happen to the

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British Transport Commission?—I think perhaps I should make no comment on that.

Mr. Thorpe.

532. Could we know is it necessary to pay a greater subsidy by reason of the increased frequency of the calls or because of the increase of the charge made or both?—(Mr. Harding.) It is the increase of the charge made. The calls have not been increased in frequency.

533. It is a regular two monthly call?—Something of that sort.

534. I do not mean this to be frivolous, but do we in fact receive any subsidy or grant in aid in respect of St. Helena from, for example, the Sheik of Bahrein?—(Sir Hilton Poynton.) I am not sure offhand (I could look this up) whether there is any actual payment for services rendered, but I do not think so. I am pretty certain there is not, but if the Sub-Committee would like, I could verify that and put in a note.

535. It would be very interesting. I was wondering to what extent the rendering of services accounted for the increase in expenditure?—No. The increase in expenditure is very largely in terms of salaries, extra salaries for inspectorate officers, putting up salaries of medical officers because you simply could not get them out there on the salaries they were able to offer. I can break these figures down if you want me to do so.

536. It would be very interesting to know if there has been an actual increase in personnel or merely better conditions for the existing strength?—No, I do not think it was an increase of personnel, it was an increase in the salaries that you had to pay in order to refill the posts when they fell vacant.

Chairman.

537. A.3: you have given us two reasons for the provision of £76,000 odd. Could you explain what (b) is? I do not quite understand what is written here, the revoting of £57,000?—(Mr. Harding.) This is due to this overlap of financial years again. The provision in our 1959-60 budget was £213,000 and in point of fact that was under-drawn by nearly £100,000. In calculating that we expected they would want so much in the first quarter of their financial year and they found they wanted much less.

But they did need it later on in that financial year and it now has to be revoted in our current financial year.

Mr. Eden.

538. What is the sinking of a ship referred to in your report? Presumably that was caused by some natural disaster?—It was not a natural disaster. I think one just disappeared and nobody knows what has happened to it, and the other I think was an error, or may have been an error, on the part of the captain.

Chairman.

539. I take it those last comments refer to the reason for the increase in the main Estimate rather than the Supplementary?—Yes, the item in paragraph two.

Mr. Eden.

540. Under A.5 there is mention of the hurricane "Abby", and running throughout this explanatory memorandum there is reference to hurricanes and typhoons and disasters of that kind. It is quite understandable why a Supplementary Estimate should be required to meet the increased cost caused by that kind of disaster. Is there any plan to try and insure against these eventualities? Would that be at all possible, or is it non-insurable? In one of them I notice there was a reference to starting a disaster fund. Could you make a general comment on that and how you propose to plan for this type of eventuality or do you intend it shall always be in the form of a Supplementary Estimate for the specific incident?—(Sir Hilton Poynton.) In general I would say the latter, because when you do get one of these natural disasters which, as you say, you do not foresee, there is a great deal of pressure at once for help and there is a certain, I think, political value in giving specific aid from this country in a hurricane disaster of that kind. Some of those countries have reasonable resources of their own. Mauritius, for example, was able to cover quite a lot of damage to the sugar and the sugar estates by its hurricane insurance fund which has been built up over a number of years. I think one or two of the West Indies have got small funds. But basically these small West Indian islands that get hit are so impoverished anyhow, that you rather have to deal with

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this as it comes. Although you cannot be certain about this, I would have thought probably in the long run it came out cheaper just to pay for the damage that is done than to go on paying insurance premiums—whom to?—against a possible risk.

Mr. Turton.

541. But is it the policy of Her Majesty's Government to insure, in any case?—In this country?

542. I thought it was the policy of Her Majesty's Government never to insure?—I believe that is so. I think they may insure some of the valuable scientific equipment. (Mr. Harding.) We insure shipping.

Mr. Thorpe.

543. The British Transport Commission, I think, is not insured. Presumably that is Government stock?—(Sir Hilton Poynton.) By and large, it is obviously much cheaper to meet the actual cost of the damage when it occurs than to pay insurance premiums.

Mr. Eden.

544. On A.6 reference is made in the explanatory memorandum to two things on which I would be grateful for a little further explanation. The first is the 30,000 United States dollars which was spent on restoration of damage, and the second point is the reference to the Leeward and Windward Islands and the cost of implementing salary revisions. That is again referred to later on in Sub-head B.5. Are the two related in any way?—(Mr. Harding.) Both territories were part of the Windward and Leeward and they had a salaries revision covering all islands. (Sir Hilton Poynton.) Of course the Virgin Islands now has separated itself from the Leeward Island group. The Leeward Islands are part of the Federation of the West Indies; the Virgin Islands have remained a separate entity directed from here. It is realised, I hope, that when we talk about sums in United States dollars for restoration of damage, what we mean simply is that the currency which the Virgin Islands use is in fact reckoned in United States dollars; it is not a grant or a payment by the United States.

Chairman.

545. A little further on on that same subhead reference is made to an over-estimate of surplus balances. Could you say how that arose?—(Mr. Harding.) They were just estimates which when the accounts were finally made up and completed we found were wrong by £9,000, but I could not say more exactly.

546. So the responsibility lies at the other end?—For that error, yes. They over-estimated what they had got.

547. How far do you find from experience that overseas governments' estimates are reasonably reliable, or some consistently reliable and others consistently wrong?—(Sir Hilton Poynton.) I would say that on the whole they do reasonably well, but I think there is very often a tendency—it is more noticeable, perhaps, in the Colonial Development and Welfare Vote than in these things—to be a bit over-optimistic as to the rate at which they are going to be able to spend and a slight tendency, therefore, to over-estimate, which we have to take into account and just depress a bit when we make up our own Estimates. (Mr. Harding.) I think, if I could add to that Sir, that on the revenue side, as is natural with poverty-stricken places, they usually estimate the revenue very conservatively. It is a common thing in examining their estimates, to write up the revenue side pretty significantly. (Sir Hilton Poynton.) You mean they are rather over-optimistic about it?—(Mr. Harding.) Pessimistic.

Mr. Thorpe.

548. You mean right down, you said right up?—They estimate, say £500,000 and we estimate £550,000, because we think they are being too pessimistic about it.

Mr. Eden.

549. A.8 being a new provision about which you have already said something, it is virtually impossible to calculate how much is likely to be involved?—What we are putting in our main Estimate, to be published shortly, is £2,000,000. That is an interim figure because we shall have to negotiate in April with the new government how far they can introduce new taxation, how far they can introduce economies, and decide what the full amount would



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be, but they will need some money by April and we have to put in something which is sufficient to cover their immediate needs.

550. For what period would that £2 million apply?—It would apply first of all to their current financial year ending at the end of June. Any amount not required for that financial year would be carried forward to their next financial year, but the indications are they will probably need about £2 million for each financial year.

551. So your Supplementary Estimate next year?—Will have to be another £2 million, probably.

552. Of that order?—Yes.

553. Could you tell me, to save me doing any more research, when this was debated in the House? Presumably this has already been referred to in the statement or in debate in the House of Commons?—No. There have been questions and answers about whether the Secretary of State is doing anything about Kenya's financial position and all that has been said so far publicly is that he has sent somebody to look into the position.

554. So the first that Parliament is likely to know anything about this, about what amount of money is involved, is in this Supplementary Estimate?—(Sir *Hilton Poynton*.) The token provision to get the new subhead really, yes. (Mr. *Harding*.) Which will appear within a few days of the new Estimate showing £2 million.

Mr. *Turton*.

555. I find this B.1 rather hard to understand. As I see it, the position is that owing to this retrospective award Malta has to pay £1,055,000 in the current financial year and thereafter £527,000. Their taxation is only going to bring in in this current year £425,000 but in future years £813,000. In those circumstances there is clearly going to be a temporary shortfall, a large shortfall, in revenue, which will later be followed by a surplus in revenue. What I want to ask, Sir Hilton, is why in those circumstances the aid was not given as a loan rather than a grant?—(Sir *Hilton Poynton*.) Can you answer that one?—(Mr. *Harding*.) We did of course consider exactly this expedient, but we thought it was better to square

the account off at this stage by making a grant which would leave them with perhaps a deficit at the end of this year but one which would be removed pretty soon thereafter.

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Mr. *Eden*.

557. Is this not much in keeping with what we are doing in Cyprus, the same sort of idea?—(Sir *Hilton Poynton*.) Yes, it is, very much so.

Chairman.

558. The method of accounting, i.e. the choice of grant versus loan, was a political decision by the Minister?—Yes.

559. B.2: there was a Summer Supplementary on the Falkland Islands, some £80,000, I think. Could none of the argument on which this Supplementary is based have been advanced then and dealt with at that time?—(Mr. *Harding*.) No. These are all subsequent to the Summer Supplementary.

Mr. *Eden*.

560. The aeroplane had not crashed?—(Sir *Hilton Poynton*.) The aeroplane, the refitting job, and also this insurance premium; those three items alone add up to £66,000 out of the £75,000: £45,000 for the aircraft, £15,000 for the John Biscoe, that is £60,000, and £5,795, say nearly £6,000 for the insurance premium.

Mr. *Thorpe*.

561. May I ask out of ignorance who owns the John Biscoe? Is it the Royal Geographical Society or Trinity House, or who?—(Mr. *Harding*.) The Falkland Islands Dependencies Survey.

562. Which is presumably created by this Parliament?—The Falkland Islands Dependencies are a geographical feature, the survey is an administrative creation.

563. Created by whom?—By the Secretary of State, I think. (Sir *Hilton Poynton*.) The Colonial Office, really, yes, the Secretary of State.

564. I was wondering why we find a premium of insurance on the ship, which does seem out of keeping with most other policy?—(Mr. *Harding*.) It is our policy always to insure our ships. We run a number of ships and after long discussion with the Treasury some

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years ago we came to the conclusion that the balance of advantage lay in insuring, largely because unless you insure you cannot get the benefit of Lloyd's surveyors.

Chairman.

565. Could you say why in the case of B.5 it could not have been foreseen that St. Kitts was going to need assistance when the main Estimates were produced? What has caused this rather last-minute shortfall in their situation?—(Sir *Hilton Poynton*.) Partly the salaries increase.

566. I was speaking of the £143,000, which has nothing to do with salaries, as we understand it?—I beg your pardon. (Mr. *Harding*.) I think the answer—it is not perhaps a very satisfactory one—is this, that we do not administer the grants in aid at all, it is done by the Federal Government. The Federal Government might have been able to foresee it, I am not sure, but we have not in fact called them to task for not doing so.

567. Is this as far as you know the first time they have needed grant in aid?—No, all these territories have been in and out of grant in aid many times before.

568. "Which has not hitherto needed assistance"; I wondered to what period that remark referred?—I could not say, but not for the last year or so anyway.

569. Have you found—or is the time too short—whether putting the Federation between you and the governments concerned in the context of grants in aid has made your task any more difficult?—It has relieved us of an unpleasant and invidious burden. Whether money has been saved one cannot really say. (Sir *Hilton Poynton*.) They operate within this block total we have promised them, the £8.75 million for five years, and the indications are, I think, that the Federal Government is behaving in a responsible way. They have in fact put round a warning recently to some of the other unit governments that they may in fact have to cut down some of the unit grants that they have made this year, just as a warning that they must not exceed this block figure that we have promised them. I think they are watching it pretty closely.

Mr. Eden.

570. Do you yourself question fairly closely a request of this nature from the Federation for a new grant in aid?—I would say that if anything obviously struck us as being *prima facie* out of line we would question it but we would not interfere with them so much in detail, particularly as we are working within a block figure which has been promised.

Mr. Turton.

571. And the total revised Estimate is still less than the average amount of what it would be each year of the five-year sum, is it not? The five-year sum would work out at £1,750,000, and even with your revised Estimate you are still below that figure?—That is so, yes.

Chairman.

572. Anything on B.6?—This again is largely one of these hurricane ones, Greta.

573. B.10 and B.11: where will the repayment of the loans referred to in the table—particularly the private loans—appear ultimately in the Estimates?—(Mr. *Harding*.) As an Exchequer receipt.

Mr. Eden.

574. Also in the table, under the column headed Item of Programme, (b), is the services referred to there and the Government services referred to further down in (d) much the same thing? Is there any duplication there, or what is the difference between them? Is it the fact that one is a grant and the other is a loan?—That is the reason they are in two separate bits. The (b) was, so to speak, the initial emergency relief, whereas part of (c) Loans for repairs to electricity supplies, and part of (d) and (e) is longer term reconstruction.

Chairman.

575. C.26?—(Sir *Hilton Poynton*.) That is the reimbursement of the Admiralty for sending the Gambia there.

576. In a case like that, where you are reimbursing a Service Department, do you or does the Treasury ask such questions are are thought necessary to satisfy yourself that it is all correct?—We normally cross-examine the other Department, Admiralty or War Office, as the case may be. I think there have been cases where we have got into difficulties with each other and let the

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[Continued.]

Treasury sort it out with us, but this was really a perfectly straightforward rendering and payment of a bill.

Mr. *Eden*.

577. Could I ask on the question again of relief or grants for hurricane damage as to whether in your experience so far you have ever had to revise the original figure and—here we are referring to £100,000 for St. Lucia and £50,000 for the West Indies—at a later date would you expect to have to bring in a request for further funds for the same purpose?—It could happen but it does not usually happen that way, because the first assessment of the damage of a hurricane, oddly enough, is almost always exaggerated. It looks dreadfully bad, but when you begin to clear away perhaps it does not look quite so bad. We do not necessarily undertake to reimburse the actual cost of repairing the damage; it is really a grant or loan in relief to help them out and we negotiate it and we fit it. It could happen that they found that they had seriously underestimated and they would come back to us, and that would have to be a re-negotiation. But I cannot call to mind any case where that has happened in that way. It is usually a firm negotiation and we promise them so much.

Chairman.

578. On the same one, B.13, it is said at the end on page 12 that funds are not likely to be available for private reconstruction, notwithstanding that this happened in September 1960, because the rate of interest has not yet been negotiated. Is that a correct way to interpret that paragraph?—(Mr. *Harding*.) Not the rate of interest, the rate at which the persons would apply for loans, doubt about the rate at which loans would be taken up, what the demand would be for loans.

579. I see. So that you had no request for assistance under this heading before the end of March?—This is really governed by the paragraph on the previous page. The application which came from the Governor General, who examined the situation, was too late to be examined in detail before the Supplementary Estimate was due to close. Without prejudice to the detailed examination we have applied for a Vote of £50,000 on the grant side, but we do not think there will be any demand for loans

before the end of the financial year, so we have not put in anything there.

580. If there were requests for such loans they could come out of the £50,000?—They could, yes.

Mr. *Turton*.

581. I do not quite follow why it is necessary to include this £50,000 in a Supplementary Estimate. I thought normal practice was to make a due examination of an item before it was included?—We would have to put in a token Supplementary if we had wanted money before the end of June.

582. Even assuming that, Mr. *Harding*, would not the normal practice in Supplementary Estimates, if you could not examine carefully the request, be to put in a sum of £10 which would authorise you to go ahead but you would have to justify it later?—I do not think a Vote of £10 would be of any assistance until we had put money in the main Estimate. We could, if we wanted money urgently at a time when a Supplementary Estimate was not due to be presented to the House anyway, take it out of the Civil Contingencies Fund, but I think this is a normal way of dealing with it, seeing that need does arise at a time when we are putting in a Supplementary Estimate anyway.

583. But do you normally put in an item in a Supplementary Estimate with a figure on it before you have really vetted whether that is not an exaggerated figure?—This is parallel to the case of Kenya really, where we are going to put £2 million in this main Estimate, which we are confident is a safe figure. In the same way we regard £50,000, as compared with the application of £210,000, as a very safe minimum figure.

584. That is really my very point, Mr. *Harding*. In Kenya you have put in a Supplementary Estimate of £10, a token figure, to show that you have not yet ascertained what the amount will be, and warning Parliament that you will later be putting in a larger sum. When we get to this subhead, we find that you have put in a sum of £50,000, as if you had vetted that as being what Parliament should authorise, but in truth and in fact you have not carried out that examination?—(Sir *Hilton Poynton*.) I think, Sir, there is a difference between the Kenya one and this in that the token

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[Continued.]

under the Kenya subhead is to get the subhead on to the Estimate and get a grant in aid which will not have to begin to be issued until after 1st April. But it is quite possible that some of this expenditure on this will need to be paid out actually before 31st March. We did go into this with the Treasury and the general feeling was that the merits of the case for assistance of something of that order were pretty clearly demonstrated, even though we had not yet got the exact figures or the exact amount that would fall in this year, but we felt in this case there was a case for putting in a positive figure rather than a token figure.

585. My difficulty is that I do not see how the Secretary of State can justify this figure to the House of Commons. He would have to say, "I have just had this demand in, I have not examined it but I am asking for £50,000". It is an abnormal way of asking for a Supplementary Estimate, surely?—Yes, but it is £50,000 against, shall I say, an unedited demand running up to £210,000 net but about £350,000 gross. The Governor General originally asked for £195,000 in grant and the £165,000 in loan. I would have thought, against a preliminary Estimate of a scale of damage of that order, a sum of £50,000 as an estimate—a shot in the dark, if you like—as to what might have to be actually issued before 31st March was not unreasonable.

586. There is nothing in your published explanation that makes it clear to Parliament that this is an application received too late to be examined in detail. In truth and in fact, you may decide it is to be given by loan and not by grant, and now it is February. Do you expect to get this examination cleared in the succeeding eight weeks between here and the West Indies?—I would have thought we could. (Mr. Harding.) That was our hope, yes.

Chairman.

587. Is it ever the practice in the explanation of a case such as this, where the urgency is thought to be such that more than a token amount must be asked for from Parliament, to make it clear that it is X per cent. of the demand from overseas, but has not yet been examined? Would that be a practice that has been done before?—I

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am not aware of it being done in exactly that form. There is perhaps the significant difference in the wording of the part III note, where it says, "Provision is made for the amount of grant assistance expected to be given in the period ending 31st March, 1961".

588. It is the magic difference between the words "expected" and "estimated"?—The previous one, where we have examined it and made an estimate, does use a different form of words: "... amount estimated to be required in the period ...".

589. That is standard practice, to use those two forms of words in relation to those techniques?—I do not know if that was the practice or not but that is the reason why there was a difference on this occasion anyway. (Sir Hilton Poynton.) This is, frankly, an unusual case. I do not remember one quite like this coming up just at this particular point of the year.

Mr. Turton.

590. On £414,146, British Guiana, why was it, Sir Hilton, that this item did not appear before in your Estimates? It dates back to a very long time ago?—The main reason for that is that we had a rather protracted argument as to whether it was reasonable to ask the British Guiana Government itself to bear this cost. That is the normal arrangement when U.K. troops are provided for a colony for internal security purposes. It is properly regarded as a charge on the colony. The political situation in British Guiana was so unusual, if you like, and so fluid that we were in a little difficulty in making up our mind when would be an appropriate opportunity to approach the British Guiana government, or, indeed, whether it was wise to do so. That, combined, I admit, with a certain amount of administrative delay by the people who were dealing with these other British Guiana political problems is the real reason, I am afraid. I am sorry it has taken so long.

591. This has been involved, I suppose, in triangular negotiation between you, the War Office and the British Guiana Government?—Yes, that is so, or the Governor of British Guiana.

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592. When you come to the next distinction, there is a difference between

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the evaluation of the services of this company prior to March, 1960, and post March, 1960. In one case the War Office are recouping from you merely the extra cost over Jamaica, but in the other levy they are recouping the whole cost of the company. That seems to me a very peculiar difference. I want to know why the Colonial Office have agreed on their Vote so much in excess of this when the troops are clearly serving overseas?—When the troops are already serving overseas, the ones that were stationed in Jamaica with a general responsibility of looking after the Caribbean, it is true—You mean the plus 50 per cent. extra cost, is that what you are getting at?

593. That is what I am getting at?—One would normally pay the excess cost of moving them from their post in Jamaica to their post in British Guiana. (Mr. *Harding*.) May I add, Sir, I think the real point is that until March, 1960, the War Office were keeping these troops in Jamaica for defence purposes. They then said to us, "For defence purposes we no longer want to keep them there, we want to bring them home. If you want them kept in Jamaica and British Guiana for internal security reasons you will have to pay the excess cost over their being kept in the United Kingdom".

594. When you had the two companies in Bermuda were you paying the excess cost or the whole cost, do you remember?—I do not think we paid anything in respect of Bermuda. (Sir *Hilton Poynton*.) No, I think they were based there. (Mr. *Harding*.) The sort of rule is, if this is a defence matter, defence against external aggression, then it falls on the War Office; if the troops are stationed there for internal security we pay the excess cost over and above their being stationed in the United Kingdom.

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Mr. *du Cann*.

600. Referring to (d) (iii), might I just ask quickly—this is a matter that has been pointed out, the greater part of which obviously arose a very long time ago—does it often happen that there is a delay of this sort, which you have been good enough to explain, and which we all understand, of course?—(Sir *Hilton Poynton*.) Not a delay of this order generally.

601. This is very long, is it not?—Very long, I admit that.

* * * * *

Mr. *Turton*.

605. On C.7 I would like to clear this up: you are asking, Sir Hilton, for a Supplementary of £152,000 in respect of the Cyprus Police Unit. You are also anticipating an increase in appropriation in aid of £152,000. At the same time the Commonwealth Relations Office are claiming a Supplementary in respect of the Cyprus Police Unit and tell us that there would be an anticipated saving in your Vote as a result of their Supplementary Estimate. Now, it does not appear to have happened. Would you explain why?—I must ask for help on this one, it is a very technical one. (Mr. *Harding*.) The C.R.O. Vote, I believe, provides for pension payments of £20,000 approximately. The corresponding saving in our Vote is the last line on C.7, "Less savings on . . . Pension payments £20,010".

606. Then if you had not had that saving on your Vote, it would, would it not, have been recouped? It would have been instead appropriation in aid? The whole of your £152,000 is covered by appropriation in aid from the Cyprus government?—It is not actually appropriation in aid from the Cyprus government. It is really a token entry merely to fulfil the statutory requirement that payments to members of this unit must be made by the Secretary of State. They were in fact paid by the Cyprus government, and what we have done to fulfil that statutory requirement is to take a token Vote balanced by an appropriation in aid, annually, retrospectively. Normally, if we had been going on in Cyprus, we would have taken this Vote in the main Estimate for next year, but as this is just the final winding up thing we have taken it in this Supplementary. But we have provided for the savings. We are not making these payments; they are being made by the Commonwealth Relations Office.

607. What it comes down to, Mr. *Harding*, is that the British taxpayer merely has to pay the £20,000?—The British taxpayer is only paying, I think, the £20,000 on the Commonwealth Relations Office Vote.

608. He is paying nothing in respect of yours?—Nothing in respect of ours.

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Ours was merely to fulfil the statutory requirement.

609. And yours relates to a period before Cyprus received her sovereignty?—That is right.

610. £50,000 was the post-sovereignty payment. Now, what about payment in respect of 1959, the £14,710?—That is the actual saving. We put in a corresponding vote in respect of the 1959 payments but we overestimated it. We had the Cyprus estimate of what they had paid and when we got the accounts it was smaller by that amount and we have reduced it here.

Mr. Eden.

611. May I just ask one on C.21, which again is a token estimate. What are the excess costs here likely to be after independence for the Services, and why should not that be borne by the War Office Vote or the Commonwealth Relations Office?—It would not be borne by the War Office because the troops were there for internal security reasons and we therefore met the excess costs. I think the reason it would not be appropriate to meet it on the Commonwealth Relations Office Vote is that these particular excess costs which were incurred after independence arose from the troops being in the territory before independence. They were the troop ships coming back to this country; they were the leave payments, and things like that, which arose out of the troops being stationed in Cyprus while Cyprus was still a colony.

Mr. Turton.

612. C.25 again wants clearing up because in subhead V.7 of the Commonwealth Relations Office Supplementary Estimate they are asking for £500,000 for grant to the Turkish Community, and you are asking here for £500,000 for aid to the Turkish-Cypriot Community. Could you please explain it?—They are all parts of the £1,500,000 referred to in the third line of the Memorandum. We paid £500,000 before independence and the rest is being paid afterwards.

Mr. Eden.

613. On C.23 there is reference to a hurricane rehabilitation loans scheme to make loans to British subjects whose businesses and plantations suffered damage. Is it intended, after the immediate damage has been paid for, to keep

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that sort of scheme going and to require businessmen to subscribe towards it, or is it just purely for this particular hurricane which has just occurred?—It is purely for this particular hurricane.

614. The one in December, 1959?—Yes.

Mr. du Cann.

615. May I just ask about the term British subjects. Does that mean that the only people who receive any sort of compensation at these most unfortunate times are British subjects?—We, roughly speaking, look after the British and the French look after the French.

616. That is the division of responsibility?—Yes.

Mr. Eden.

617. On C.16, that is to bring distressed British subjects back to the United Kingdom?—Or to give relief in Singapore.

Mr. du Cann.

618. Is it supposed there is going to be a need for a substantial amount of money under this head?—No. The amount was provided in the main Vote and this token is merely to extend the scope of the Subhead to cover people who were not covered under the previous description. I think the original amount was £2,000 to £3,000.

Mr. Eden.

619. On C.28, the land per acre seems to be pretty expensive out there. Is that the normal sort of price? Is the average price £3,250 per acre?—It is a very valuable site.

620. The War Office are making a good profit out of this deal?—We always feel that the War Office and other Service Departments do well out of the land they own in our territories.

621. Have you any knowledge that this is a fair market value for land of that kind?—I think it must be because it was an agreed price as between the Jamaican Government on the one hand and the War Office on the other, and the War Office are bound to get full market price and the Jamaican Government were of course anxious to get it as cheaply as possible.

622. After the Games are over the stadium will obviously remain in being and be used by the Government of

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[Continued.]

Jamaica and they will get the income, the receipts, from the gate?—Yes.

623. So this is really a direct grant to the Government of Jamaica?—This is a re-imbusement to the War Office of interest which would otherwise have been payable by the Government of Jamaica, to enable the interest which had accumulated over the two year moratorium to be waived.

Mr. du Cann.

624. May we ask why the interest is to be waived?—(Sir *Hilton Poynton*.) The Premier of Jamaica, Mr. Manley, said he was not worried about the price. He did get a bit restive, shall I say, about the rate of the interest. When he was over in England about November of last year he had a talk with the Chancellor of the Duchy of Lancaster and complained about this, and Dr. Hill took it up with the War Office and asked whether we could make a goodwill gesture. We had a meeting with the Treasury and we came to the conclusion that it would not be right to do this by adjusting the actual price, but it did seem to us that there was scope for doing something in this business of the compounding of the interest. The original terms were over a period with a moratorium—not an interest-free period—and then building up and compounding the interest. And on the whole we thought that was the best way of making a gesture of goodwill and good relations on something that obviously was causing a little political difficulty. We do not want the War Office and the Jamaican Government getting at loggerheads over this thing. The War Office have got very valuable assets elsewhere in Jamaica of about £2 million which they will have to dispose of, I think, when the West Indies becomes independent, probably next year. I think to some extent there may have been a quite genuine misunderstanding between the Jamaican Government, and the War Office when the thing was negotiated about the exact nature of this interest accumulation.

Mr. Turton.

625. Of course, it might be that, like in Nigeria, the Commonwealth Relations Office would have to hold the baby?—They might.

626. I am thinking of the stores of the Nigerian Defence Forces?—Yes.

Chairman.

627. G.3: we understand that less civil servants from Nigeria have retired and therefore attracted pension rights than was forecast. How is it that the Estimate is larger, notwithstanding that fact?—This only relates to what we call the Special List "B" people, and the pensions, gratuities and balances of lump sums are payable to those who have retired before the date of Nigerian Independence. It was very difficult to estimate the original provision accurately. You could only really get a rough guess of the number of people who were likely to be retiring and of the awards which they would be entitled to. The latest review of the position to allow for payment of revised awards, because they had a salaries revision in Nigeria which was back-dated into 1959, and the awards not yet completed in respect of some officers who had retired, show that in fact the figure originally provided to meet claims up to the 31st March was in fact just about this much too small.

628. How would you explain that the Commonwealth Office are not having to provide as much for pensions as was expected, because only some 200 people have retired when they expected 300 people to retire? Would not the evidence on which those figures were based be much the same sort of evidence as you had available and you have estimated the other way?—(Mr. *Harding*.) I think not, because they are only covering the Service in respect of people who retired after Independence. The sums they want are very much bigger, anyway.

629. May I make the point quite clear? They thought after Independence they would have to provide for a certain number of pensions. In fact, they are providing less under that heading than was forecast. More people have stayed on. But the reverse is the case here?—(Sir *Hilton Poynton*.) Yes. These people we are dealing with are the people who actually have retired before Independence. I think we are talking about two different groups of people, the ones that we are looking after and the ones that C.R.O. are looking after.

630. I do not understand why. Only people who retired after Independence would fall on their Vote, is that it?—That is right. The ones who actually retired before Independence are our

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responsibility and the ones who retired after Independence are the C.R.O.'s responsibility. (Mr. *Harding*.) That is right.

Mr. *Turton*.

631. There is another factor: the recoveries that the Commonwealth Relations Office expect to receive from the Federation of Nigeria in respect of this Special List "A" and "B" scheme. How far are the moneys that you are asking for under this Subhead going eventually to be recovered from the Federation of Nigeria?—None of this money asked for now would be recovered. Money we provided for under earlier Votes will be.

632. Could you explain to me the difference?—I think I had better say I think some of this money will be recoverable but I could not say what amount.

633. We gather there is a slight delay in the recovery of the money. It takes rather a long time to account for it—not due to unwillingness, but merely accounting delay?—There is delay.

Mr. *Thorpe*.

634. Perhaps through stupidity I do not understand what Subhead G.5 means: increased reimbursement of purchase tax paid by Colonial Commissioners in the United Kingdom and other purposes. I am not quite certain what that relates to?—On the purchase tax point, we reimburse the Colonial Commissioner for any purchase tax he pays on things he needs for his official use. The major item in this one is that the Nigerian Commissioner purchased a Rolls Royce car which cost £8,000 and we expected him to purchase something that cost, perhaps, £1,500, and of course the purchase tax we had to reimburse was very much greater on the Rolls Royce.

635. Would he in fact pay purchase tax it was to be used out of this country?—It was the Nigerian Commissioner in London.

636. I see. That is a fact is it, this is the Nigerian National who is riding around in a Rolls Royce?—(Sir *Hilton Poynton*.) Yes.

637. Is that attributable to the terms of the agreement with the Federal Government or is this an accomplished fact that we always pay the purchase tax in respect of purchases made by diplomatic representatives?—(Mr. *Harding*.) I do

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not know about diplomatic representatives in general but this is a semi-diplomatic privilege that we do provide for Commissioners of Colonial territories.

638. Is this not just automatically waived?—No, they do not have diplomatic privileges in the general sense.

639. Is it within your knowledge what happens on the Foreign Office Vote? Is that waived for somebody who is accredited to the Court of St. James?—I assume so, like they get alcohol and tobacco duty-free.

640. What is the sum of money involved normally, as a matter of interest? Is it fairly large?—It is very small. This Vote covers a lot of other miscellaneous things and is only about £8,000.

641. Accepting that this is accorded to Commissioners who are in London from the Colonial territories, as a matter of interest, is the same facility accorded to Commonwealth Relations people, the people who come to negotiate and so on?—I think they have diplomatic privilege.

Mr. *Eden*.

642. This is a figure which has been increasing quite substantially over the years, has it?—The provision under the Subhead as a whole has been increasing quite substantially, yes.

643. What is that due to mainly—a larger number of Commissioners?—* * * * It is mainly not to do with this particular question of privileges and purchase tax.

Mr. *Turton*.

644. On G.5, if it is for the Nigerian Commissioner why is it coming on your Vote rather than on the Commonwealth Relations Office Vote?—He bought the car before Nigeria was independent.

645. Yes, but the stores that they had before they became independent come on the C.R.O. Vote, do they not? Is there not a transfer of liability?—I do not know about the stores.

646. I am going to ask you a question or two on that later. Surely, if on the transfer the liabilities were handed over from the Colonial Office to the Commonwealth Relations Office, it should appear on the C.R.O. Vote rather than yours?—This is a payment which we had made before Independence. If it

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was outstanding to the Nigerian Commissioner, then it should be paid by the Commonwealth Relations Office.

Mr. du Cann.

647. If he had bought the car a little later, in other words, the Colonial Office would not have had to pay?—Yes.

Mr. Thorpe.

648. Presumably this privilege is only claimed on large purchases?—(Sir Hilton Poynton.) We allow it on office equipment and stationery, and that sort of thing.

649. Are the categories agreed in respect of which this privilege is accorded?—They are what I call official purchases rather than personal purchases. This is his official car, it is the official office stationery, and so on. It would not apply to an ordinary suit of clothes.

650. No, or to a toothbrush for his wife?—No.

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Mr. Turton.

652. May I get some clarification on this Nigerian stores, which we were asking Sir Alexander Clutterbuck about. Apparently there had been an age-long claim of £1,200,000 by the War Office against the Nigerian Government. Were you aware of that, and were you negotiating on it prior to independence?—(Mr. Harding.) It is a fact that I was aware either before or after independence that there was this claim for military stores, but I do not know when the Nigerian Government first contested liability or said they did not want to pay.

653. It was not when your department was handling it?—It might have been, I could not say when it first cropped up.

654. I gather the claim was some £170,000 in excess of the amount that was settled, and I wondered to what extent the claim had been examined when it was in your department's hands?—Normally the examination of the claim has to rest between the War Office and the Government concerned, because the stores are physically in the territory. For instance, negotiation between the Sierra Leone Government and the Admiralty about the Admiralty property is going on now.

655. Then the transferee department seems to have been rather surprised when

it found itself saddled with this large liability. Had you warned them of it?

—It is not a liability which would fall necessarily either on the Colonial Office or the Commonwealth Relations Office. It is, to put it at its simplest, a sale of War Office property to the Nigerian Government. It was presumably felt that it was not a good thing at the time of independence to ask the Nigerian Government to pay for it and it should, for political reasons, be a gift.

656. In those cases the Commonwealth Relations Office is warned in due time of the danger of that contingency?—Yes. The drill is that the Commonwealth Relations Office sees for some time before independence all important correspondence passing between us, and if they want they have a representative in the Colonial Office to deal with the territory concerned.

657. And it was not anything for you, Mr. Harding, to advise that the claim should not be paid but should be made a free gift? That was after it left your department, was it?—I could not say. They have certainly not sought my opinion on it. (Sir Hilton Poynton.) Would you like us to do research on this?

Chairman.

658. Yes, I think we shall be asking the War Office in due course what their part in the arrangement was, and I think it would be very helpful if you could give us a note as to your role in this business?—Yes, we can do this, certainly. I was wondering whether it might be useful if we got a note which was in fact jointly compiled by the Colonial Office, the War Office and the Commonwealth Relations Office that pulled the whole story together.

659. Provided it can be obtained by the end of this week we would be very glad to have it?—We will see what can be done and if we have to operate on our own we will do that.

Mr. Turton.

660. The point I am getting at is the evidence with regard to this of Sir Alexander Clutterbuck was that this claim for £1,200,000 "was not known to us until the Independence celebrations in October 1960"?—Yes. I am very sorry, I cannot help you on that one without looking it up. It is new to me.

MONDAY, 13TH FEBRUARY, 1961

Members present:

Sir Spencer Summers in the Chair.

Mr. du Cann.
Mr. Marsh.Mr. Leslie Thomas.
Mr. Thorpe.**Memorandum submitted on behalf of the Secretary of State for War**

As requested by the Committee, the following additional details are given of those Votes where authority is sought for increased expenditure.

VOTE 1—*Pay of the Army*

| | £ |
|-------------------------|--------------|
| Already Voted | 127,240,010 |
| Sum now sought | 2,900,000 |
| | <hr/> |
| Revised Estimate | £130,140,010 |

The subheads mainly affected are:—

1B—*Pay of Warrant officers, non-commissioned officers and men*

| | £ |
|-------------------------|-------------|
| Already Voted | 71,827,000 |
| Sum now sought | 1,300,000 |
| | <hr/> |
| Revised Estimate | £73,127,000 |

When the pay of other ranks was increased in April, 1960 (Cmnd. 945) the opportunity was taken to revise the pay code by reducing the number of rates in issue. These changes in the basic structure of the code made it difficult to forecast the outcome precisely, and it is now clear that the cost was under-estimated.

1H—*National Service Grants*

| | £ |
|-------------------------|------------|
| Already Voted | 1,385,000 |
| Sum now sought | 560,000 |
| | <hr/> |
| Revised Estimate | £1,945,000 |

These grants are intended to relieve cases of financial difficulty where Service emoluments are insufficient to enable National Servicemen to meet their obligations to their families and other dependants or exceptional personal commitments. The grants are assessed and paid by the Ministry of Pensions and National Insurance on behalf of the War Office.

Supplementary provision is required because more new awards have been made than was originally anticipated and the average rate of award is higher. This has arisen from two main causes. First, a higher proportion of men called up during the year were older and married and their pre-Service earnings and commitments were greater. Secondly, in the course of the financial year the Government decided as a matter of policy that these grants should be assessed on a more generous basis, e.g., the maximum award was increased from £7 to £9 a week.

1K—*Local Overseas Allowance*

| | £ |
|-------------------------|------------|
| Already Voted | 9,260,000 |
| Sum now sought | 660,000 |
| | <hr/> |
| Revised Estimate | £9,920,000 |

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[Continued.]

This allowance is given in aid of the extra expense incurred by officers and other ranks serving in certain countries abroad. The rates of allowance vary from station to station on account of local costs and also according to the particular circumstances of the individual (e.g., rates are assessed for single men, married men, for those accommodated in public quarters, for those occupying private accommodation, for those accompanied by their families and for those who leave their families in the U.K.).

The increased provision is necessary for two reasons:—

- (a) The number of married other ranks qualified to receive married rates of local overseas allowance and the number of married other ranks accompanied by their families have proved to be higher than expected.
- (b) In the course of the financial year, rates of local overseas allowance, which are subject to periodic review, have been increased in Cyprus, Malaya, Singapore, Hong Kong, Cyrenaica, Aden, Bahrein and Tripolitania.

1.O—Education Allowances

| | |
|-------------------------|----------|
| Already Voted | £ |
| Sum now sought | 830,000 |
| | 130,000 |
| | <hr/> |
| Revised Estimate | £960,000 |
| | <hr/> |

These allowances are paid to officers and other ranks who are liable to frequent changes of station, in respect of children up to the age of 18 years who are either at boarding school or placed in the care of guardians to enable them to continue at a particular day school.

The number of children for whom allowances are paid under this scheme increased as a result of the lowering of the age limit, and, although this was taken into account in preparing the estimate, its effect could not be fully known at the time.

VOTE 4—Civilians

| | |
|-------------------------|--------------|
| Already Voted | £ |
| Sum now sought | 99,540,000 |
| | 3,250,000 |
| | <hr/> |
| Revised Estimate | £102,790,000 |
| | <hr/> |

There are two main factors which account for the additional gross expenditure of £3·85 million on this Vote:—

- (i) Increased salaries and wages at home and overseas have cost some £4·3 million of which about £1 million relates to arrear payments for periods prior to 1st April, 1960.
- (ii) When Estimates 1960–61 were presented it was assumed that the civilian staff responsible for the inspection of equipment would remain with the Ministry of Aviation. Accordingly, provision was made in Vote 7L for a payment to the Ministry of Aviation for the cost of inspection. It was later decided that the Inspectorate of Armaments, the Inspectorate of Fighting Vehicles and Technical Equipment and the Chemical Inspectorate would be transferred to the War Office with effect from 1st November, 1960. The cost of the salaries and wages of these Inspectorate staffs for the period 1st November, 1960, to 31st March, 1961 (£m2·56) thus falls to be borne on Vote 4 and the Supplementary Estimate introduces a new Subhead G for this purpose.

The additional expenditure described in (i) and (ii) above was offset to the extent of some £m3 by reduced strengths of civilians at home and abroad and by reduced expenditure on works consultants' fees.

The increase of £600,000 in receipts is due to the fact that no provision was made in the original Estimate for an amount recoverable from the Ministry of Aviation in respect of the salaries and wages of War Department staff engaged partly on Guided Weapons work at the Armament Research and Development Establishment. At the time the

13 February, 1961.]

[Continued.]

Estimate was prepared final agreement on the administrative and cost-sharing arrangements for A.R.D.E. had not been reached.

VOTE 5—*Movements*

| | | | | | £ |
|----------------|-----|-----|-----|-----|-------------|
| Already Voted | ... | ... | ... | ... | 27,730,000 |
| Sum now sought | ... | ... | ... | ... | 650,000 |
| | | | | | £28,380,000 |

On this Vote authority is sought to meet additional expenditure on personnel movement (Subheads A & C) which is partly offset by reduced expenditure on stores movement (Subheads B & D) and by additional receipts accruing to Subhead Z.

Subheads A & C

These subheads together cover the cost of all personnel movement. The additional expenditure arises from a variety of factors, of which the more important are as follows:—

- (i) fare increases on British Railways and increased air charter rates;
- (ii) family movement to overseas stations was greater than expected and not only caused increased air movement costs but a rise in the total amount of disturbance allowance payable;
- (iii) expenditure on travelling allowances, including motor mileage allowance, payable to military and civilian personnel for official duty journeys was underestimated; and
- (iv) no provision was (or could be) made under this Vote for the travelling costs of staff of the Inspection establishments transferred from the Ministry of Aviation on 1st November, 1960.

VOTE 8—*Works, Buildings and Lands*

| | | | | | £ |
|----------------|-----|-----|-----|-----|-------------|
| Already Voted | ... | ... | ... | ... | 33,910,000 |
| Sum now sought | ... | ... | ... | ... | 1,230,000 |
| | | | | | £35,140,000 |

The subheads mainly affected are:—

8C—*Part III: Repairs, renewals and maintenance*

| | | | | | £ |
|----------------|-----|-----|-----|-----|-------------|
| Already Voted | ... | ... | ... | ... | 17,830,000 |
| Sum now sought | ... | ... | ... | ... | 300,000 |
| | | | | | £18,130,000 |

This subhead provides for the repair and maintenance of all War Department buildings, roads, parade grounds, etc., throughout the world and included, for the first time, provision for properties transferred from the Ministry of Aviation. The amount originally provided has proved not quite enough, in the face of rising costs, to meet essential minimum maintenance standards.

8D—*Purchase of stores and plant (net)*

| | | | | | £ |
|----------------|-----|-----|-----|-----|---------------|
| Already Voted | ... | ... | ... | ... | 350,000 (Cr.) |
| Sum now sought | ... | ... | ... | ... | 750,000 |
| | | | | | £400,000 |

13 February, 1961.]

[Continued.]

This subhead provides for the purchase of stores for works services, and other Engineer requirements. These charges are offset by the credit given to this subhead for the value of all stores actually issued during the year for incorporation in works services and charged to Subhead A, B or C.

It is the War Office policy to encourage the use of contracts which provide that the building contractor shall be responsible for obtaining the stores required for incorporation in the works service he is executing ("supply and fix" contracts). In the current year, Commands (particularly overseas) have made more use of "supply and fix" contracts than had been anticipated when the Estimate was prepared. The result is that the value of stores issued from stock for incorporation in works will be smaller than originally estimated for.

VOTE 9—*Miscellaneous Effective Services*

| | | | | | £ |
|------------------|-----|-----|-----|-----|-------------------|
| Already Voted | ... | ... | ... | ... | 8,260,000 |
| Sum now sought | ... | ... | ... | ... | 800,000 |
| Revised Estimate | ... | ... | ... | ... | <u>£9,060,000</u> |

The increased expenditure arises mainly on Subhead 9P:—

9P—*Research, design and development work by industry*

| | | | | | £ |
|------------------|-----|-----|-----|-----|-------------------|
| Already Voted | ... | ... | ... | ... | 2,737,000 |
| Sum now sought | ... | ... | ... | ... | 650,000 |
| Revised Estimate | ... | ... | ... | ... | <u>£3,387,000</u> |

This subhead provides for expenditure on research and development in industry, universities and other research bodies.

The over expenditure arises from two main factors. First, since Estimates were prepared it has been decided that two projects planned to be undertaken by Armament Research and Development Establishment could be more successfully developed by Royal Ordnance Factories and industry. Secondly, development costs on the new tank have been greater than expected.

VOTE 10—*Non-Effective Services*

| | | | | | £ |
|------------------|-----|-----|-----|-----|--------------------|
| Already Voted | ... | ... | ... | ... | 39,990,000 |
| Sum now sought | ... | ... | ... | ... | 970,000 |
| Revised Estimate | ... | ... | ... | ... | <u>£40,960,000</u> |

Additional provision is required on Subhead 10F:—

10F—*Pensions, Terminal Grants, Gratuities, etc., of Soldiers*

| | | | | | £ |
|------------------|-----|-----|-----|-----|--------------------|
| Already Voted | ... | ... | ... | ... | 15,303,000 |
| Sum now sought | ... | ... | ... | ... | 1,250,000 |
| Revised Estimate | ... | ... | ... | ... | <u>£16,553,000</u> |

The effect of the 1959 Pensions Increase Warrant was under-estimated and insufficient allowance was made for the increasing tendency for soldiers to commute their pensions.

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[Continued.]

SUMMARY

The Committee also asked that, so far as possible, the increases should be divided into the following categories:—

- A. Estimates required to meet risen costs;
- B. Estimates required to meet the needs of policy developments;
- C. Estimates required to meet deficiencies on original Votes due to changes in circumstances (other than risen costs) not of a policy nature; and
- D. Estimates required to correct faulty original estimating.

It is difficult to allot a particular increase to any one of these categories as, in most cases, there is a variety of reasons which do not exactly conform to these definitions. The following, however, can be regarded as a broad summary:—

- (a) *Category A* accounts for the greater part of the Supplementary. This mainly arises on Vote 4, but also applies in part to Votes 1, 5, 8 and 9.
- (b) None of the increases arises from a major policy development (*Category B*).
- (c) It is difficult to distinguish between *Categories C and D*. Apart from those which clearly fall under *Category A*, the increases are due to changes in circumstances or trends which were not precisely foreseen when the original Estimate was prepared. The extent to which they could have been foreseen must be a matter of opinion, but, in the War Office view, no Vote can fairly be regarded as falling to any significant extent into *Category D*.

War Office,

9th February, 1961.

Memorandum submitted on behalf of the Secretary of State for Air

SUPPLEMENTARY ESTIMATES 1960/1961

At their meeting, held in the House of Commons on Monday, 30th January, 1961, the Sub-Committee requested the Air Ministry to provide further information on the following matters:

- (a) Increased expenditure classified under the four categories used by the Treasury in the memorandum covering the Civil Supplementary Estimates.
- (b) Amplification of the explanations for increased expenditure over all Air Votes.

A note on (a) is in Part I attached and on (b) in Part II attached.

Air Ministry,

9th February, 1961

PART I

The Sub-Committee asked that the increases should be classified under the four categories used by the Treasury for the Civil Supplementary Estimates. It will be seen from the explanatory notes on the individual Votes in Part II below that in some cases more than one category is involved. The table below shows for each Vote on which increases arise the category or categories mainly involved:—

| | <i>Net Increase</i> | <i>Category</i> |
|---|---------------------|-----------------|
| | £ | |
| Vote 1—Pay, etc. of the Air Force | 2,800,000 | (C), (D) |
| „ 3—Air Ministry | 630,000 | (A) |
| „ 4—Civilians at Outstations | 3,500,000 | (A) |
| „ 5—Movements | 1,160,000 | (A), (C), (D) |
| „ 7—Aircraft and Stores | 500,000 | (B), (D) |
| „ 9—Miscellaneous Effective Services | 900,000 | (B), (C) |

Note:—

The categories cover the following circumstances:—

- A. Estimates required to meet risen costs.
- B. Estimates required to meet the needs of policy developments.
- C. Estimates required to meet deficiencies on original Votes due to changes in circumstances (other than risen costs) not of a policy nature.
- D. Estimates required to correct faulty original estimating.

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[Continued.]

PART II

VOTE 1, *Pay, etc. of the Royal Air Force*

The gross and net expenditure of the Vote is increased by £2,800,000. Increases arise on the sub-heads shown below. These can be met in part from savings on other sub-heads within the Vote.

Subhead A (Pay of Officers)—£600,000. The strength of officers, which was 22,783 at 1st April, 1959, was estimated to decrease to 22,280 by 1st April, 1960, and 21,940 by 31st March, 1961, an average for 1960–61 of 22,100. In fact, the decrease has not been so rapid as was expected, the figure at the beginning of the year being 22,605 and the forecast for the end of the year 22,290. The average is forecast as 22,470, an increase of 370 over the Estimate. There has also been a small increase (about £5 per head) in the average annual rate of pay. The higher strength accounts for about £485,000 of the increase and the higher pay about £115,000.

Subhead C (Pay, etc. of Local Personnel Abroad)—£30,000. Due to improved rates of pay and marriage allowance.

Subhead D (Marriage Allowance, etc.)—£305,000. £150,000 of this is for officers' marriage allowance, £45,000 for airmen's marriage allowance, and the remainder for National Services Grants (£45,000) and Overseas Family Allowances (£65,000). The percentage of married officers was about the same as estimated but the annual cost of the allowance per head is working out at about £399 compared with £395 forecast. This, together with the higher total officer strength mentioned above accounts for the increase. In the case of airmen the increase is due to the higher married percentage (53·4 per cent. compared with 51 per cent. forecast). The increases in National Service Grants and Overseas Family Allowances reflect an increased percentage of married National Service airmen and increased numbers of airmen's children overseas.

Subhead E (Education Allowance)—£205,000. The number of Service children attending boarding schools has increased more than was expected. 4,000 officers' children and nearly 700 airmen's children are now at this type of school compared with 3,260 and 500 respectively for which provision was made.

Subhead G—(Local Overseas Allowance, etc.)—£1,770,000. £250,000 of this is in respect of officers and £1,520,000 for airmen. In the case of officers, the increase is mainly due to increases in the rates of allowance approved subsequent to the preparation of the Estimate. For some locations the annual increase per head amounts to £200 or more. The increase on account of higher rates is about £160,000, of which £85,000 arises from the retrospective application of the higher rates. £90,000 is due to an under estimate. In the case of airmen about £200,000 of the deficit is accounted for by increased rates and payment of arrears.

The remainder of the deficit in the case of airmen is attributable to a bigger increase than was estimated in the proportion of married airmen to total strength overseas and in the numbers accompanied by their families. Although these trends were foreseen to some extent when the Estimate was framed (and were responsible for the increase of £580,000 included in the Supplementary Estimate for 1959/60 to which the Sub-Committee have drawn attention) it is now evident that insufficient allowance was made for the rate of increase. Moreover, the great majority of these additional families going overseas have necessarily had to obtain private accommodation, thereby qualifying for higher rates of allowance (to the extent of nearly £200 a year on average) than are payable to occupants of official married quarters.

There are several factors which account for this increase in the numbers of families overseas during the financial year. One is the replacement of National Servicemen by regular airmen, more than 50 per cent. of whom are now married. Secondly, there has been an improvement during the year in the private accommodation position in most overseas areas with the result that families are able to accompany the husband for a longer period of his tour, in some cases for the whole tour, than has been possible in the past. Thirdly, this improvement in the private accommodation position is to some extent a reflection of the improved pay and allowances of the regular airman which now enable him to support a family overseas even when official married quarters are not immediately available. There is an inevitable interaction between the greater resources of the airman and the availability of accommodation which is affecting the amount of family movement

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[Continued.]

to overseas areas. The percentage increases in the number of married accompanied airmen in the main overseas commands between the second quarter of 1959/60 and the third quarter of 1960/61 were as follows:—

| | <i>Per cent.</i> |
|--|------------------|
| Middle East and Arabian Peninsula | 30 |
| Far East | 17 |
| Germany | 33 |

VOTE 3—*Air Ministry*

The gross total of the Vote is increased by £550,000. Appropriations in Aid are reduced by £80,000, giving a net increase in the Vote of £630,000.

The increase in the gross total is due to pay increases to the civilian staff of the Air Ministry approved since the original Estimate. Approximately £300,000 of the total increase is attributable to the retrospective application of pay awards. There has been a small decrease in the numbers of staff as compared with the Estimate.

The reduction in Appropriations in Aid is due to a reduction in agency services for United States forces.

VOTE 4—*Civilians at outstations*

The gross total of the Vote is increased by £3,040,000. Appropriations in Aid are reduced by £460,000, giving a net increase in the Vote of £3,500,000.

The major part of the increase in the gross expenditure under all subheads is attributable to pay increases to civilian staff and employees. The total increase on this account is £2,740,000, of which £1,520,000 is for current pay increases and £1,220,000 is due to the retrospective application of various awards. About £200,000 is due to increased expenditure on outside consultants and £150,000 to increased expenditure on foreign service allowances. There has been an increase in the numbers of local staff abroad, but the extra cost of these is more than offset by the effect of reductions in staff at home.

The reduction in Appropriations in Aid is principally due to a reduction in agency services for the United States forces.

VOTE 5—*Movements*

The gross total of the Vote is increased by £1,790,000. Appropriations in Aid are higher by £630,000, the net increase being therefore £1,160,000. Increases arise on the subheads shown below.

Subhead A (Conveyance of personnel; travelling allowances and expenses)—£1,470,000. £910,000 of this is for increased movement expenditure and £560,000 for increased allowances and expenses.

£170,000 of the increased movement expenditure is due to increases in fares. The remainder is accounted for by a greater volume of movement mainly between the United Kingdom and overseas areas, than was expected. This has resulted in an increase of about £350,000 in expenditure on surface travel and £400,000 on air travel. The amount provided under this subhead in the original Estimate for 1960–61 was substantially less than that which was actually required in 1959–60, as it was expected that the reduction in the strength of the Royal Air Force would result in a decrease in the volume of movement. The decrease in strength and changes in the deployment of the Force have however introduced additional short term posting problems and the amount of movement has not decreased as was expected. This accounts for about £500,000. A further material factor has been the increase in the number of married families, and particularly in the proportion of these who go overseas to which reference has already been made under Vote 1. This larger married element accounts for about £250,000 of the extra expenditure.

Of the increased expenditure on allowances, removal expenses, etc., about £75,000 and £95,000 are respectively attributable to the increased movements of personnel and to their families mentioned above. £235,000 is due to higher costs and allowances than were assumed in the original estimates. The remaining £155,000 is due to an underestimate of the time it would take to bring new rules into effect governing entitlement to mileage allowance for the use of private vehicles on official duty.

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[Continued.]

For the subhead as a whole, it has in the event been found necessary to make about the same provision in 1960-61 as in 1959-60.

Subhead B (Conveyance of Stores)—£320,000. £50,000 of this is a payment to the War Office for a freighting service formerly carried out without adjustment. £70,000 represents an original under-estimate of the volume of surface movement of freight. The remaining £200,000 is increased expenditure on the movement of essential air freight by civil aircraft. This is partly an original under-estimate of the volume of movements required (due in large part to an unforeseeable requirement to introduce airlift for the movement of particular equipment to and from an overseas command to meet urgent overhaul problems); and partly an over-estimate of the freighting capacity which would be available from Royal Air Force transport aircraft after meeting essential commitments on training, joint-service exercises and operations. To the extent that some of these latter tasks have been performed on repayment for other parties, they are yielding more than offsetting savings in the form of additional receipts under Subhead Z.

VOTE 6—*Supplies*

There is no gross or net increase in this Vote as a whole. There is however an increase of £350,000 in *Subhead B* (Solid fuel, electricity and gas). This is due mainly to an under-estimate of electricity consumption at home and overseas.

A shortfall of £100,000 in Appropriations in Aid is accounted for by smaller sales of liquid fuels and is directly related to a corresponding saving on the expenditure subhead (*Subhead C*).

VOTE 7—*Aircraft and Stores*

The gross total of the Vote is increased by £1,750,000 and the Appropriations in Aid by £1,250,000, a net increase of £500,000. Increases arise on the subheads shown below. These can be met to a large extent from savings on other Subheads within the Vote.

Subhead A (Airframes, etc.)—£7,500,000.

£5,000,000 of this is accounted for by cancellation charges which became payable following the Government's decision during the year to cancel a number of Victor 2 aircraft (substantial savings on account of this cancellation will be reflected in the Estimates for later years). A further £1,000,000 is due to increased prices. The remaining £1,500,000 is mainly attributable to aircraft within the authorised programme being delivered rather faster than had been expected, with the result that certain aircraft that had been considered likely to slip into next year will instead be paid for this year.

Subhead D (Radio, Radar and Electrical Equipment)—£1,900,000.

£1,000,000 is due to deliveries of certain equipment in the approved programme, which had been expected to slip into 1961-62. A further £540,000 is due to price increases. The remainder is accounted for by an underestimate of requirements.

Subhead F (Mechanical Transport Vehicles and Marine Craft)—£500,000.

Some £350,000 of this is due to an over-estimate of the shorter-term economies likely to flow from recent changes of policy governing the repair of vehicles (the extent of repair is now related to expected life) and the purchase of spare parts (some of these are now purchased direct by consumer units and central stocks are not maintained). There has also been some improvement in the delivery of spares owing to the recession in the motor industry.

Subhead H (General Stores)—£1,000,000.

The fulfilment of orders for furniture (placed through the Ministry of Works) has been more rapid than was expected. This accounts for nearly £600,000 of the total. £200,000 is due to price increases and greater expenditure on repairs. The remainder is mainly due to faster progress than had been expected in meeting additional commitments for the furnishing of married quarters and hirings at home and abroad.

Subhead J (Clothing and Clothing Allowances)—£1,180,000.

About £600,000 of this is due to an over-estimate of the extent to which current issues could be met from existing stocks without replacement. For some years, with a reduction in strength of the R.A.F., an appreciable proportion of clothing requirements had been able to be met in this way. When the original 1960-61 Estimate was framed, however

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[Continued.]

it was not realised that, partly because of delivery delays and partly because purchases from R.A.F. stores were running at a high level in 1959–60, there would be few stocks in hand at the beginning of 1960–61 from which issues could be made without replacement. Over a high proportion of the clothing range, these stock shortages had also been aggravated by the random variations of consumption between the different sizes for particular garments. Additional replacement purchases to a value of about £600,000 have accordingly had to be made.

Again because of delivery delays, stocks had in many cases also run down below the levels necessary for even the smaller Force. When the original Estimate was framed, these delays were expected to continue throughout the year. Steps were able to be taken, however, to improve deliveries and thus enable the authorised stock levels to be more nearly achieved during the year. This has resulted in extra deliveries to a value of about £550,000.

A further £50,000 of the extra expenditure is due to price increases.

Subhead K (Medical Stores)—£50,000.

Extra expenditure has been necessary on modernising dental equipment and on purchase of drugs.

VOTE 8—*Works and Lands*

There is no gross or net increase in this Vote as a whole. There are however increases in the subheads shown below and a shortfall in Appropriations in Aid.

Subhead C (Ordinary repairs, renewals and maintenance)—£650,000. This subhead covers the operation of station generating and other plant, as well as repairs. The increase is largely attributable to increased labour costs, both for directly employed labour and also for the labour element in maintenance contractors' charges. About £160,000 of the total is due to a change in accounting procedure in regard to certain repayment services and is balanced by a corresponding adjustment in Appropriations in Aid.

Subhead F (Purchase of Land and Buildings)—£50,000. Completion of a number of transactions will take place this year instead of next as was expected.

Subhead G (Rents and Reinstatements)—£600,000. It has been necessary to take on additional married quarter hirings, particularly abroad to accommodate the increasing number of married personnel accompanied by their families.

Subhead Z (Appropriations in Aid)—£2,870,000 shortfall. Agency services carried out for other government departments and other governments have been substantially less than was expected, resulting in a shortfall in receipts of £4,300,000. This has been partly offset by increased receipts from the sale of land and buildings (including *£1,200,000 from the Commonwealth Relations Office in respect of the transfer of Kuala Lumpur airfield to the Malayan Government) and by increased receipts from lettings. The shortfall in receipts for agency services is balanced by lower expenditure on these services, partly in the previous year but mainly in the current year (for example, the decrease of £2,600,000 on services for the United States forces shown under subhead K).

(* Note. The payment for Kuala Lumpur includes about £83,000 credited to Vote 7, in addition to the £1,200,000 mentioned above.)

VOTE 9—*Miscellaneous Effective Services*

The gross total of the Vote is increased by £350,000. Increases arise on the subheads shown below. Appropriations in Aid are reduced by £550,000, giving a net increase in the Vote of £900,000.

Subhead C (Miscellaneous educational expenses)—£55,000. Mainly due to the number of children attending Army and Navy Schools abroad being larger than was expected, with consequent increases in the payments made to the War Office and Admiralty.

Subhead G (Compensation for losses, damage, etc.)—£25,000. Claims arising from aircraft accidents have exceeded the amount allowed for.

Subhead K (Postal expenses)—£40,000. Due to a revised estimate by the Post Office of the cost of handling mail for the forces overseas.

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[Continued.]

Subhead W (Administration of the Sovereign Base Areas of Akrotiri and Dhekelia)—£385,000.

This is a new service for which provision could not be made in the original Estimate as negotiations with the Cypriot leaders were not completed until July, 1960. As mentioned in Cmnd. 1093 (Part III, para. 25), the Air Officer Commanding-in-Chief, Middle East Air Force, has been appointed Administrator of the Areas and the cost of administration is borne by Air Votes.

The principal items comprised in the sum of £385,000 are:—

| | £ |
|---|---------|
| Salaries, wages, allowances, etc. of staff (including administrative, judicial, customs and police staffs) | 100,000 |
| New works services (Mainly the by-pass roads referred to in Appendix S to the Treaty of Establishment—see Cmnd. 1093) ... | 183,000 |
| Minor works, maintenance, rents, etc. | 60,000 |
| Equipment, travelling and miscellaneous expenses | 41,000 |

Subhead Z (Appropriations in Aid)—£550,000 shortfall. The shortfall is due to the fact that the number of pupils sent by foreign Governments for courses of flying and other training has not been as large as was expected. Since the charges for training are based on the cost of providing the training, the shortfall in receipts is broadly offset by savings in expenditure on other votes (e.g. Vote 6C, which covers fuel used in flying courses) but these savings cannot be precisely indentified.

VOTE 10—*Non-effective Services*

There is no gross or net increase in this Vote as a whole. There are however increases on the following subheads.

Subhead E (Pensions to airmen, etc.)—£60,000. The number of airmen discharged to pension at the end of the previous year was more than was expected.

Subhead L (Non-recurrent allowances—established civilians)—£100,000.

The proportion of industrial employees retired on medical grounds, with enhanced awards under Section 32 of the Superannuation Act, 1949, has been higher than expected.

Subhead N (Gratuities—Unestablished civilians abroad)—£70,000.

The number of discharges has been greater than expected, partly because some discharges which were expected in the previous year did not take place until 1960–61.

VOTE 11—*Additional Married Quarters*

The deficiency of £300,000 in Appropriations in Aid of this Vote arises because expenditure under Subhead A is expected to fall short of the estimate by this amount and drawings from the Housing Loan will consequently be similarly reduced.

Memorandum submitted by the Treasury

GOVERNMENT HOSPITALITY

The attached tables show the main heads of expenditure for the last three years, as published in the Appropriation Account. The figures for the current year as already known, or as estimated for the rest of the year, are also given; but in this case, so near the event, some grouping of the items has been deemed advisable.

It will be seen that a Supplementary Estimate of £8,500 was required in 1957–58. This was mainly due to one unexpected, unusual and expensive visit and it was thought that there was no justification for proposing a bigger grant for 1958–59 than had been provided for the previous year. In the event, however, a Supplementary Estimate was required, and in view of rising costs, depletion of stock and so on, the provision for 1959–60 was raised from £55,000 to £70,000. This sufficed and allowed a carry-over of £10,000. In these circumstances, and on the facts then known, there seemed to be no case for providing for 1960–61 a higher grant than the £70,000 which had been provided for 1959–60.

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[Continued.]

As it turned out, by the beginning of 1961 expenditure for the current year seemed likely to be in the region of £115,000, or £35,000 more than was originally provided, and a Supplementary Estimate for this figure was put forward. This was required largely for two main items:—

(a) The Prime Ministers' Conference cost £5,000 more than was expected. The last conference, in 1957–58, had cost £18,000. And it was expected that the 1960 conference would cost some £21,000. In the event it cost £26,000.

(b) The three State visits cost £16,000 more than was expected.

Thus under these two Heads alone expenditure was £21,000 more than expected. For the rest, the general cost of visits has increased to a degree which was not foreseen in January, 1960.

8th February, 1961

GOVERNMENT HOSPITALITY

Estimated out-turn for 1960–61

| | £ |
|---|----------|
| Commonwealth Prime Ministers' Conference... .. | 26,000 |
| Three State Visits | 23,000 |
| U.N.E.S.C.O. Executive Board | 2,500 |
| Commonwealth Finance Ministers | 4,500 |
| Parliamentary Delegations | 3,000 |
| Various other functions and visits | 40,000 |
| Wines, cigarettes, administrative expenditure... .. | 16,000 |
| | £115,000 |

Some £10,000 was carried forward from 1959–60, which together with the original provision of £70,000 and supplementary provision of £35,000 would make £115,000 in all available.

GOVERNMENT HOSPITALITY

ACCOUNT of the sum expended, in the year ended 31st March, 1958, compared with the sum granted, for a grant in aid of the Government Hospitality Fund.

| Service | Grant | Expenditure | Expenditure compared with Grant | |
|---|---------|----------------------------------|---------------------------------|-------------------|
| | | | Less than Granted | More than Granted |
| | £ | £ s. d. | £ s. d. | £ s. d. |
| Government Hospitality Fund (Grant in Aid) | | | | |
| Original | £55,000 | | | |
| Supplementary | £8,500 | | | |
| | 63,500 | 63,493 2 4 | 6 17 8 | — |
| | | Surplus to be surrendered | £6 17 8 | |

GRANT IN AID ACCOUNT

| Receipts | | Payments | |
|------------------------------|-------------|---------------------------|-------------|
| | £ s. d. | | £ s. d. |
| Balance, 1st April, 1957 ... | 3,359 15 0 | Expenditure | 64,337 11 9 |
| Grant in Aid, 1957–58 ... | 63,493 2 4 | Balance, 31st March, 1958 | 3,850 12 11 |
| Miscellaneous receipts ... | 1,335 7 4 | | |
| | £68,188 4 8 | | £68,188 4 8 |

13 February, 1961.]

[Continued.]

The following is a statement of the heads under which expenditure was incurred in 1957-58:—

| | £ |
|--|---------|
| Commonwealth Prime Ministers' Conference... .. | 17,812 |
| Visit of Canadian Trade Delegation | 8,493 |
| Visit of H.R.H. The Crown Prince of the Yemen | 1,675 |
| Visit of Burmese Parliamentary Delegation | 1,286 |
| Visit of Polish Parliamentary Delegation | 1,259 |
| Malayan Constitution Conference | 1,247 |
| Visit of Chief Minister of Singapore | 1,183 |
| Visit of Baghdad Pact Committee | 1,155 |
| Visit of Secretary General of North Atlantic Treaty Organisation ... | 1,142 |
| Visit of Turkish Parliamentary Delegation | 974 |
| American Bar Association | 951 |
| International Association of Navigational Congresses | 900 |
| Operation Croix de Lorraine | 681 |
| Visit of Prime Minister of Federation of Rhodesia and Nyasaland | 654 |
| Visit of Indian Finance Ministers | 604 |
| Other visits of various foreign representatives, missions, &c. ... | 14,552 |
| Wines, spirits, cigars and cigarettes | 8,715 |
| Administrative expenses | 196 |
| Incidental expenses | 859 |
| Total | £64,338 |

NOTE

The salaries and wages of the staff of the Government Hospitality Fund are borne on the Vote for Treasury and Subordinate Departments, and amounted to £9,276 for the year 1957-58.

Norman Brook,
Accounting Officer.

13th August, 1958

I have examined the above Accounts in accordance with the provisions of the Exchequer and Audit Departments Act, 1921. I have obtained all the information and explanations that I have required, and I certify, as the result of my audit, that in my opinion these Accounts are correct.

E. G. Compton,
Comptroller and Auditor General.

GOVERNMENT HOSPITALITY

ACCOUNT of the sum expended, in the year ended 31st March, 1959, compared with the sum granted, for a grant in aid of the Government Hospitality Fund.

| Service | Grant | Expenditure | Expenditure compared with Grant | |
|--|---------|-------------|---------------------------------|-------------------|
| | | | Less than Granted | More than Granted |
| | £ | £ | £ | £ |
| Government Hospitality Fund (Grant in Aid) | | | | |
| Original | £55,000 | | | |
| Supplementary | £6,000 | | | |
| | 61,000 | 61,000 | — | — |

13 February, 1961.]

[Continued.]

| GRANT IN AID ACCOUNT | | | | | |
|------------------------------|---------|-------|---------------------------|---------|-------|
| Receipts | | | Payments | | |
| | £ | s. d. | | £ | s. d. |
| Balance, 1st April, 1958 ... | 3,850 | 12 11 | Expenditure | 57,963 | 18 9 |
| Grant in Aid, 1958-59 ... | 61,000 | 0 0 | | | |
| Miscellaneous receipts ... | 2,182 | 17 5 | Balance, 31st March, 1959 | 9,069 | 11 7 |
| | <hr/> | | | <hr/> | |
| | £67,033 | 10 4 | | £67,033 | 10 4 |
| | <hr/> | | | <hr/> | |

The following is a statement of the heads under which expenditure was incurred in 1958-59:—

| | £ |
|--|---------|
| Baghdad Pact Conference | 7,377 |
| Visit of Maltese Delegation | 2,943 |
| Basuto National Council | 2,497 |
| Visit of Chancellor of the Federal Republic of Germany | 1,331 |
| Visit of Chilean industrialists | 1,227 |
| Visit of Ruler of Qatar | 1,215 |
| Visit of Vice President of the United States | 1,167 |
| Visit of Chief Minister of Singapore | 975 |
| Visit of Spanish Parliamentary Delegation | 974 |
| Visit of President of Federal Republic of Germany | 943 |
| Visit of President of Italy | 924 |
| Visit of Prime Minister of Canada | 778 |
| Visit of Secretary-General of the United Nations | 774 |
| Visit of Norwegian Parliamentary Delegation | 764 |
| Congress of Medical Women | 710 |
| Visit of Brazilian Chief of Air Staff | 673 |
| Other visits of various foreign representatives, missions, &c. ... | 23,072 |
| Wines, spirits, cigars and cigarettes | 7,956 |
| Administrative expenses | 819 |
| Incidental expenses | 845 |
| | <hr/> |
| Total | £57,964 |
| | <hr/> |

NOTE

The salaries and wages of the staff of the Government Hospitality Fund are borne on the Vote for Treasury and Subordinate Departments, and amounted to £10,436 for the year 1958-59.

Norman Brook,
Accounting Officer.

3rd September, 1959

I have examined the above Accounts in accordance with the provisions of the Exchequer and Audit Departments Act, 1921. I have obtained all the information and explanations that I have required, and I certify, as the result of my audit, that in my opinion these Accounts are correct.

E. G. Compton,
Comptroller and Auditor General.

13 February, 1961.]

[Continued.]

GOVERNMENT HOSPITALITY

ACCOUNT of the sum expended, in the year ended 31st March, 1960, compared with the sum granted, for a grant in aid of the Government Hospitality Fund.

| Service | Grant | Expenditure | Expenditure compared with Grant | |
|---|--------|-------------|---------------------------------|-------------------|
| | | | Less than Granted | More than Granted |
| | £ | £ | £ | £ |
| Government Hospitality Fund (Grant in Aid) | 70,000 | 70,000 | — | — |

GRANT IN AID ACCOUNT

| Receipts | £ | Payments | £ |
|---------------------------------|----------------|----------------------------------|----------------|
| Balance, 1st April, 1959 | 9,070 | Expenditure | 71,482 |
| Grant in Aid, 1959-60 | 70,000 | | |
| Miscellaneous receipts | 2,893 | Balance, 31st March, 1960 | 10,481 |
| | <u>£81,963</u> | | <u>£81,963</u> |

The following is a statement of the heads under which expenditure was incurred in 1959-60:—

| | |
|--|----------------|
| State visit of H.I.M. The Shahanshah of Iran | 4,345 |
| Visit of Commonwealth Finance Ministers | 2,561 |
| Visit of President of the United States... .. | 2,309 |
| Visit of President of Guinea | 1,868 |
| Visit of Prime Minister of Australia | 1,772 |
| Visit of President of Peru | 1,747 |
| N.A.T.O. Atlantic Congress | 1,226 |
| Visit of Prime Minister of Japan | 1,200 |
| Visit of Jordanian Parliamentary Delegation | 1,176 |
| Visit of Chilean Parliamentary Delegation | 1,166 |
| Visit of Ruler of Dubai | 917 |
| Visit of Finnish Parliamentary Delegation | 898 |
| Visit of Tunisian Parliamentary Delegation | 897 |
| Visit of Austrian Parliamentary Delegation | 870 |
| Visit of Chancellor of the Federal German Republic | 813 |
| Visit of Prime Minister of Denmark | 774 |
| Visit of Afghan Minister of Works | 734 |
| Visit of Prime Minister of the Federation of Rhodesia and Nyasaland | 729 |
| Visit of Prime Minister of Italy... .. | 652 |
| Visit of Latin American Ministers | 623 |
| International Hospital Federation Congress | 611 |
| Visit of Iranian Minister of Industry | 607 |
| Other visits of various foreign representatives, missions, &c. | 24,294 |
| Wines, spirits, cigars and cigarettes | 15,417 |
| Administrative expenses | 892 |
| Incidental expenses | 2,384 |
| Total | <u>£71,482</u> |

NOTE

The salaries and wages of the staff of the Government Hospitality Fund are borne on the Vote for Treasury and Subordinate Departments, and amounted to £11,409 for the year 1959-60.

30 September, 1960

Norman Brook,
Accounting Officer.

I have examined the above Accounts in accordance with the provisions of the Exchequer and Audit Departments Act, 1921. I have obtained all the information and explanations that I have required, and I certify, as the result of my audit, that in my opinion these Accounts are correct.

E. G. Compton,
Comptroller and Auditor General.

13 February, 1961.]

[Continued.]

Memorandum submitted by the Treasury

At the meeting of the Sub-Committee held on 30th January, 1961, the Treasury were asked to submit a further Memorandum giving the following information:

- (a) An allocation of the £73·7 million sought under the supplementary Estimates under the categories set out in paragraph 6 of the Treasury Memorandum dated 26th January, 1961;
- (b) an estimate of the amounts included in the provision sought attributable to the retrospective element of increases in remuneration; and
- (c) details of the statistical analysis of the supplementary Estimates referred to by the principal Treasury witness.

(a) An allocation as between categories

Any precise allocation by categories of the total net provision sought by the supplementary Estimates is extremely difficult to make.

On the information available to the Treasury it is not always possible to determine precisely the extent to which additional provision is required to meet the direct effect of an increase in wages and prices unaffected by any other change in circumstances. In relation to the individual supplementaries, excesses on particular Subheads are in the majority of cases off-set (at least partially) by savings on other Subheads and by increased appropriations in aid. The extent to which specific savings and additional receipts ought properly to be applied to particular excesses in categorising the net total of a supplementary Estimate is extremely difficult to determine, but must necessarily affect the result. The reasons for any deficiencies in appropriations in aid must also be considered.

Given the limitations which these difficulties impose upon the validity of any attempt to allocate the net total of the supplementary Estimates as between the four categories, the following estimate (to the nearest £5 million) may be useful to the Sub-Committee as a guide to the relative orders of magnitude:

| | | | | |
|--------------|-------|-------|-------|--------|
| Category ... | A | B | C | D |
| Amount ... | £30m. | £15m. | £30m. | £0·1m. |

When considering the financial implications of developments in the overseas field, e.g. events in the Congo, the supplementary provision has been classified under Category B.

(b) Increases in Remuneration

The following is a list of the main increases in the pay of non-industrial Civil servants which have a financial effect in 1960-61 not provided for in the main Estimates. Part of the cost of these increases falls to be met outside the Civil Estimates, i.e. by the Defence Departments, and part will be met from savings arising on amounts already voted. The remainder is reflected in the supplementary provision now sought.

| Cost in Full Year | Cost from effective date to 31.3.61 | Cost of arrears at date of Settlement |
|---|-------------------------------------|---|
| 1. Central Pay Settlement. £ 20m. | £ 5m. 1.1.61-31.3.61 | Current Settlement-December, 1960: No arrears. |
| 2. Executive consequentials. 2m. | 5m.* 1.10.58-31.3.61 | Settlement - January, 1960: Arrears £2·5m. |
| 3. Lower Administrative and consequentials. 1·1m. | 2·75m. 1.10.58-31.3.61 | Settlement - June, 1960: Arrears £1·85m. |
| 4. Higher Grades ... 1·5m. | 3·4m. 1.2.59 or 1.7.60 -31.3.61 | Coleraine Committee recommendations - July 1960: Arrears £2·5m. |
| 5. Technical Class and consequentials. 1·5m. | 4·5m. 1.5.58-31.3.61 | Arbitration Award - June, 1960: Arrears £3·25m. |
| 6. Draughtsmen and consequentials. 0·85m. | 3·1m. 1.7.57-31.3.61 | Arbitration Award-August, 1960: Arrears £2·5m. |
| 7. Works Group ... 1·0m. (approx.) | 2·5m. 1.8.58-31.3.61 | Arbitration Award-January, 1961: Arrears £2·25m. |
| 8. Instructional Officers 0·175m. | 0·675m. 1.7.57-31.3.61 | Arbitration Award - end of March, 1960: Arrears £0·5m. 2·7-2·2 |

* Of this £5 million about £2 million was provided for in the 1959-60 Spring Supplementary Estimate for Civil Service Remuneration (HC. 129). About £3 million remained to be covered by the 1960-61 Spring Supplementary Estimates since provision had not been made in the 1960-61 main Estimates owing to the fact that the various settlements had not been reached in time.

13 February, 1961.]

[Continued.]

(c) *Statistical Analysis*

Of the 76 substantive supplementary Estimates, the median shows an increase (net provision sought compared with amount already voted) of 6·3 per cent. whilst the mean increase amounts to 9·7 per cent.

The pattern of increases over the field is as follows:

| | <i>Percentage Increase</i> | | | | | <i>Number of Supplementaries</i> |
|-----------------|----------------------------|-----|-----|-----|-----|----------------------------------|
| (i) Less than 5 | ... | ... | ... | ... | ... | 34 |
| (ii) 5·0-9·9 | ... | ... | ... | ... | ... | 16 |
| (iii) 10·0-14·9 | ... | ... | ... | ... | ... | 13 |
| (iv) 15·0-24·9 | ... | ... | ... | ... | ... | 4 |
| (v) 25 and over | ... | ... | ... | ... | ... | 9 |

Group (iv) comprises the following supplementaries:

Supreme Court of Judicature, etc., Northern Ireland (Class III, Vote 21) (15·4 per cent.).

Law Charges and Courts of Law, Scotland (Class III, Vote 19) (15·6 per cent.).

Exchequer and Audit Department (Class I, Vote 10) (17·1 per cent.).

Tate Gallery (Class IV, Vote 7) (20·5 per cent.).

Group (v) comprises the following supplementaries:

Supreme Court of Judicature, etc. (Class III, Vote 7) (25·0 per cent.).

Fishery Grants and Services (Class VIII, Vote 5) (25·5 per cent.).

Ministry of Works (Class VII, Vote 1) (25·6 per cent.).

County Courts (Class III, Vote 8) (28·5 per cent.).

Surveys of Great Britain (Class VIII, Vote 6) (31·0 per cent.).

Agricultural and Food Services (Class VIII, Vote 3) (34·7 per cent.).

National Galleries of Scotland (Class IV, Vote 15) (43·5 per cent.).

Government Hospitality (Class I, Vote 13) (50·0 per cent.).

Commonwealth Services (Class II, Vote 5) (52·0 per cent.).

The supplementary provision sought under Group (v) amounts to £16·6 million compared with £45·6 million already voted.

These two lists of Estimates whilst being interesting do not include items which are all necessarily significant in themselves. A large increase in an individual Estimate may do no more than reflect a single act e.g. the issue of a large grant to an overseas Government or the purchase of a painting.

In the 89 supplementary Estimates there are 69 with Salary Subheads (59 in the substantive and 10 in the token). [Foreign Service At Home and Abroad and Ministry of Education and Museums have been counted separately.] The increase at the median is 8·6 per cent. and the mean increase is 8·7 per cent.

The pattern of increases is as follows:

| | <i>Percentage Increase</i> | | | | | <i>Number of Supplementaries</i> |
|---------------|----------------------------|-----|-----|-----|-----|----------------------------------|
| Less than 2·5 | ... | ... | ... | ... | ... | 4 |
| 2·5-7·5 | ... | ... | ... | ... | ... | 24 |
| 7·5-12·5 | ... | ... | ... | ... | ... | 29 |
| 12·5 and over | ... | ... | ... | ... | ... | 12 |

13 February, 1961.]

[Continued.]

The last group comprises the following supplementaries:

- House of Commons (Class I, Vote 2) (13 per cent.).
- British Museum (Natural History) (Class IV, Vote 3) (13 per cent.).
- National Maritime Museum (Class IV, Vote 8) (13 per cent.).
- Customs and Excise (Revenue, Vote 1) (13 per cent.).
- Supreme Court of Judicature, etc., Northern Ireland (Class III, Vote 21) (14 per cent.).
- Ministry of Education (Class IV, Vote 1) (14 per cent.).
- War Damage Commission (Class V, Vote 8) (14 per cent.).
- Ministry of Works (Class VII, Vote 1) (14 per cent.).
- Government Actuary (Class I, Vote 12) (15 per cent.).
- Exchequer and Audit Department (Class I, Vote 10) (18 per cent.).
- Royal Commissions, etc. (Class I, Vote 19) (20 per cent.).
- Surveys of Great Britain (Class VIII, Vote 6) (30 per cent.).

The supplementary provision sought under this Group amounts to £5·4 million compared with £12·1 million already voted.

As has been shown in (b) above, these large increases result mainly from the very substantial element of retrospection in the amounts paid out in the current financial year in respect of increases in remuneration.

Treasury Chambers,
Great George Street,
London, S.W.1.

8th February, 1961

Examination of Witnesses

Mr. E. F. C. STANFORD, Head of Works Finance Division, Air Ministry, called in and examined.

Mr. R. W. B. CLARKE, C.B., O.B.E., a Third Secretary, Treasury, Mr. S. REDMAN, Director of Finance "A", War Office, and Mr. F. W. VERRY, C.M.G., O.B.E., Head of Central Finance Division, Air Ministry, called in and further examined.

Chairman.

661. I think we might take the Air Ministry first. In the latest paper you have been good enough to attempt to put the votes into the different categories, but some of them have more than one category attached to them on the first page. I wonder whether it would be possible, even if it is approximate, to distinguish between the values of the two categories? Could they be given to us vote by vote?—(Mr. Verry.) Yes, Sir. Vote 1, £2·2 million under (C), and £0·3 million under (D). I should also like to mention (A), which I did not mention in the note. We did discuss this last time, and we agreed that nothing under Vote 1 could go under (A), but I think in fact it is proper to include £0·3 million, because there have been increases in the rates of local overseas allowances which I think justify that. For Vote 3, the whole of the £0·6 million under (A); for Vote 4, £3 million under (A) and £0·5 million under (C). For Vote 5, £0·1 million under (A), £0·6 million

under (C), and £0·5 million under (D). For Vote 7, £0·5 million under (B), and for Vote 9, £0·4 million—

662. Could I interrupt you there? Under Vote 7 you have (B) and (D). Does that mean that on reflection there is no (D)?—I would like to explain a little bit about that, if I may. The point really is that on Vote 7 we have some quite large increases on certain subheads which are offset by decreases under other subheads. If you look at the details of the Vote, it is certainly true to say that the explanation of some of the increases would fall under (D). On the other hand, we have a very large single reason which accounts for £5 million of the excesses under the separate subheads of Vote 7, which is due to the policy reason which we mentioned, which is the cancellation of the *Victor* aircraft. My problem here was to decide how I should allocate the excesses, having regard to this large single item of £5 million, when we are only dealing with a net figure of half a million under the

13 February, 1961.]

Mr. E. F. C. STANFORD,
Mr. R. W. B. CLARKE, C.B., O.B.E., Mr. S. REDMAN and
Mr. F. W. VERRY, C.M.G., O.B.E.

[Continued.]

Vote as a whole. It seemed to me proper to allocate the whole of the excess on that Vote to the policy change.

663. Thank you. Now Vote 9?—£0.4 million under (B), and £0.5 million under (C). I should like to add just one comment about the allocation to heading (D). I think on the basis which the Treasury have used, most of the total, which comes to £.8 million under (D), would in fact come under (C), because it really covers cases where we have not made a very successful shot at estimating the cost of services, which are not very easy to estimate precisely in any case, such as the amount of sea freight which we shall need. It does not really refer to cases of arithmetical errors and that sort of faulty estimating. I should also like to say that of course the total of the figures which I have subdivided is more than the £6 million of the net estimate, because of the offsets under other Votes.

664. But these figures, £2.8 million, £630,000 and so on, down that list on that page represent the net increases?—On those particular Votes, but there are other Votes, for example Votes 6, 8 and 10, which show decreases, which are offset against these increases in arriving at the net figure of £6 million. That was one of our problems in allocating the net figure in the first instance.

665. Could we ask Mr. Clarke how the Treasury in dealing with these shortfalls in other Votes have contrived to put them in the category, notwithstanding that difficulty?—Can I say, Sir, that I think this is a difficulty which is perhaps peculiar to the Service departments, in that our 11 Votes are treated as a whole for the purpose of the Supplementary, and we are only voted the total sum of £6 million for the Supplementary as a whole. Under the recognised procedure we are able to set off the surpluses on the other Votes against the deficits before we arrive at the net figure to be voted.

666. And what is the difference between the gross figure before taking account of the shortfalls and the net figure?—The totals that I have just allocated, Sir, add up to £9½ million approximately.

667. So you have £3½ million to come back on the other account?—Yes.

668. And if we were seeking to represent the broad picture, category-wise, for the Civil estimates and the Service estimates, would we be misleading the reader if we dealt with the figures you have just given us, pro rata, to bring them down by two-thirds?—I do not think it is really possible to arrive at a really realistic division in that way, but it is the best one can do. I think that is all I can say. I think it would be not unfair to distribute the £6 million in that proportion.

669. Turning to the Kuala Lumpur Airfield, in the Commonwealth Relations Office Estimate there is a debit of £1,313,000 for the transfer of the Airfield?—Yes.

670. In your estimates, account is taken of £1,200,000, and a separate item of £83,000, which still leaves £30,000 unaccounted for. Could you tell us what has happened to that?—I wonder if I might ask Mr. Stanford, who is the Head of our Works Finance Division, to talk about this? He knows much more about Kuala Lumpur than I do. (Mr. Stanford.) The £1,200,000, Sir, was the value of the Kuala Lumpur Airfield fixed assets, which was credited to Air Vote 8. In addition to that there was a figure of £83,156 which was the assessed value of the movable assets at that Airfield, and in so far as I understand it—and this is a Commonwealth Relations Office point—they had an additional figure of £30,000 in their Supplementary Estimate for some additional factors which did not concern the Air Ministry. I believe there were some assessments for the War Office—some minor points.

671. Could the War Office tell us about that?—(Mr. Redman.) No, Sir, I am afraid I have no details of this particular point. (Mr. Stanford.) Certainly the figure was £1,283,000 for Kuala Lumpur.

672. Still on this subhead Z, there is a shortfall on receipts, £4.3 million, and further down you tell us that £2.6 million of that is the decrease of the services of the United States forces. What is the rest of the shortfall mainly attributable to?—The £2.6 million was attributable to the shortfall in the United States Air Force services which were due to be created in the current year. In addition to that there was about £600,000

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Mr. E. F. C. STANFORD,
Mr. R. W. B. CLARKE, C.B., O.B.E., Mr. S. REDMAN and
Mr. F. W. VERRY, C.M.G., O.B.E.

[Continued.]

by which their programme fell short in the last three or four months of the preceding financial year. Bills are sent in to the United States Air Force quarterly in arrear, and generally speaking there is about 6 months delay in settlement, and sometimes longer if there is a dispute over particular items. That £600,000 from the previous year, therefore, made another shortfall on our estimate, so in all there was about £3.2 million in respect of the United States Air Force.

673. Just before we leave this point, is it your experience that it normally takes 6 months between the rendering of the account and the settlement?—On an average, 5 to 6 months between the date on which we pay the bills to the contractor and the date on which we receive the money from the United States.

674. Could the Treasury tell us whether that experience with outside interests such as the United States Government is exceptional, or usual?—(Mr. Clarke.) I am afraid I do not know. Of course, there is an agreement with the Americans on this point, and I imagine that this is the procedure laid down in the agreement with them. That would be the normal way we behave in these matters.

675. Are we to understand, then, that payment within 6 months is in accordance with the agreement?—I would not know, but that I think the Air Ministry might say. (Mr. Stanford.) Under the agreement between the two Governments for the provision of their services—it is a package agreement—bills are rendered quarterly in arrear, and settlement follows on that. The actual delay in settlement might be 1 or 2 months in addition to the 3 months in arrear, and that is the origin of my figure of 5 or 6 months.

Mr. Thorpe.

676. I thought, Sir, the suggestion was that the accounts were first rendered a quarter in arrears, and there was afterwards 6 months delay before that sum was settled?—I am sorry if I gave that impression. There is about 5 or 6 months' delay or gap between the date we pay the bills and the date we recover the money from the Americans.

Chairman.

677. May we now have the rest of the shortfall?—I think I got up to £3.2 million. Apart from that there was a shortfall of about £400,000 or £500,000 on work we do for other Governments and other Government Departments—for example, for the Australians and New Zealanders in the Far East—and that brings me to £3.7 million. Then there was a shortfall of about £600,000 on the departmental expenses, the overhead costs we recover from other Government Departments and other Governments for the work we do on their behalf, partly for the Americans. About £250,000 was for the Americans, related to these other figures I have mentioned, and about another quarter of a million in respect of work and services we undertake for the Ministry of Aviation on civil aviation airfields. Their requirements fell short of those expected, and therefore the overheads fell short.

678. If, for any reason, you work for other Ministries, there is both the item of the work itself and the overheads relevant to it?—Yes, Sir.

679. Turning to the Army paper, can you tell us whether there is any feature of your set-up which makes it more difficult to put the figures by categories than has been the case with the Air Ministry?—(Mr. Redman.) I do not think it is more difficult; it is a common difficulty. The figure for which we are seeking authority in the Supplementary is a net figure. It is difficult to break that down by categories, because it is a net figure. In fact, the gross increases total £10.85 million, and that is offset by various savings and increased appropriations in aid totalling £5.35 million, leaving a net figure of £5.5 million. For the reasons indicated in the last paragraph of our memorandum, we do not feel that any of these increases properly fall into either (B) or (D). We would say that approximately £5 million falls into category (A)—£5 million—

680. Of your gross £10.85 million?—Of the gross figure, yes, into category (A).

681. And the rest would be in category (C)?—Yes, Sir. If one wanted to simplify the position, we could say that of the Supplementary Estimate of

13 February, 1961.]

Mr. E. F. C. STANFORD,
Mr. R. W. B. CLARKE, C.B., O.B.E., Mr. S. REDMAN and
Mr. F. W. VERRY, C.M.G., O.B.E.

[Continued.]

£5½ million, £5 million fall into category (A) and the remaining half a million falls into category (C), but it would be oversimplifying the position, and I do not want to mislead the Subcommittee on this. It would, of course, be more correct to say of the balance of £5½ million that it is the net result of under-provision and over-provision, resulting from changes in circumstances, and when you have taken all those into account it comes to half a million. Looking therefore at the gross figures only, you could say that £5 million falls into the category (A) and £5.85 million into category (C). If you had to split our net figure, I think the only way you could do it is, and it is slightly oversimplifying it, to say that £5 million belongs to category (A) and half a million to category (B).

682. I would like now to ask one or two questions about the transfer in Nigeria of the stores. I am not thinking of the reasons for the decision to waive the claim, but I think I am right in saying that the debit in the Commonwealth Relations Office was just over a million pounds, and we cannot trace—perhaps you can help—where the corresponding credit appears in your figures?—There is not a credit of £1 million in the Supplementary, but included in the appropriations in aid under Vote 7 is approximately half that figure. The reason for that is that we always expected to get this money from the Nigerian Government. We thought it would be spread over two years. We therefore made provision in the Estimates on the basis that we would get half of it approximately in 1960/61, and the other half in 1961/62—next year. In fact we have got the whole of it from the Commonwealth Relations office in this year, so we have therefore an extra half million approximately, which is in Vote 7. It is not shown separately in our original memorandum; I think it is referred to as increased receipts from other Government Departments, to explain the increase in appropriation in aid of Vote 7. So, very briefly, we had taken this payment into account in our original estimate, but we had only assumed we would get half of it this year; we have now got the whole of it.

683. But if you had taken the second half into account, because you had

received it, would it not be better to have made quite plain to the reader of the Estimates how that came about—namely, the explanation that you have just given us? It seems to me that it would be very difficult to discover what in fact happened without the explanation that you have given us?—An explanation on the printed Estimate, Sir, or in the memorandum which we have sent you?

684. In part III of the printed Estimate?—The Army Estimate, you see, is not set out in the same way as the civil Estimates. The individual sub-heads do not have detailed explanations against them. We have indicated on page 2 of the printed Estimate the main reasons, and of course in relation to the total of Vote 7, this half million is not a major variation.

Mr. Leslie Thomas.

685. If half a million is not a major variation, what do you call a major variation?—That is a difficult question to answer. I think the only answer I can give you is that it can only be answered in relation to the total of each Vote. If I may say so also, this did not really represent any major change of policy. We were getting the money provided for, but from a different source. The change of policy was in fact that it was paid for by the C.R.O., and that was explained by the Secretary of State for Commonwealth Relations and again in that department's Supplementary Estimate, so that as far as policy was concerned the facts were made clear to Parliament on the C.R.O. Supplementary—

686. But there is another aspect of this. The original claim was reduced, as we understand it, under the scrutiny of the C.R.O., to a lower figure. Speaking without the book, it would be something of the order of £100,000. Could you tell us first of all whether that means that you have in fact got from another source less than you originally expected, and secondly what is the justification for the reduction?—I think there are two factors there. In the first place, as time went on we took a different view of the value of certain stores, which in any case can never be exactly calculated. The other factor is that—

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[Continued.]

687. Just before we leave the first factor, did you take a different view of the value because the new source of payment took a different view of the value?—No, Sir, no. To the best of my knowledge this was not a sort of bargaining between the C.R.O. and the War Office.

Mr. Thorpe.

688. Can we know, then, what were the factors which caused you to revise your initial estimate?—Well, I suppose the value of stores must vary according to their condition. These were mainly, I think, used stores.

Chairman.

689. In fact the stores were written down about 10 per cent.?—About that.

690. You do not know of any special reason?—Perhaps I should mention the other factor first, and that is that when you are dealing between Exchequer departments you charge a different rate of overheads and departmental expenses than you do if you are dealing with other Governments, and when this became a transaction between one pocket of the Government and another we used the normal calculation of departmental expenses that are used in the Exchequer departments.

691. How much actually is the shortfall?—I cannot tell you, Sir, but I could let you have that.

Mr. Thorpe.

692. What in fact are the different criteria with regard to the assessments mentioned? Is one that an another Government there is possibly a profit motive, and as far as interdepartmental transactions are concerned it is a cost? What is the difference between the two? You have mentioned, I think, that that is one possible difference in valuation, as an explanation of the difference in valuation?—I would say, if you are dealing with another Government, you deal with it on a commercial basis. If you are taking money out of one pocket of H.M. Government for another, it is not quite so important.

693. And in the particular circumstances of this transaction, namely the fact that one was dealing with the

Nigerian Government, the commercial aspect would still have obtained, that commercial factor would still have been in the mind?—At the time we were dealing with the Nigerian Government?

694. Yes?—Yes.

695. Would that have accounted for as much as a 10 per cent. variation?—That, together with the revised valuation of certain stores.

696. With respect, it is the revised valuation we are talking about, are we not, and the reasons for it, and one reason put forward is the different commercial standpoint of profit motive on the one hand and inter-departmental transactions on the other. Would that account for the total difference in the two estimates?—The revised valuation together with the different procedure for reckoning overheads accounted for 10 per cent.

Chairman.

697. But you cannot tell us apart from the different method of charging for overheads what is the main reason for the reduction in the valuation of the stores?—No, Sir. If you would like some more information on that I would certainly get it for you.

698. I doubt if we have time to incorporate it in our report even if you send it to us, so it will have to be held over, I think. One last general point which affects both Service Departments really, because evidently their procedure and methods differ somewhat from the civil side: would it be possible when this process is gone through again next year to submit the Memorandum that you may be asked for in category form based on the gross figures, in the first instance, without waiting for the supplementary report which you have been good enough to give us this time?—In the first place we hope we will not have a Supplementary next year. In the second place, I would like to say that this, of course, is a new procedure. We are anxious to help the Sub-Committee as far as we can. From the start we have had to try and steer a course between smothering you with a lot of information, a mass of detail, which would not, I think, make a very great deal of sense, and picking out the main points. After

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this year I think we now have a better idea of the sort of things you want and we will certainly try and produce them next year if we have a Supplementary, but I hope we will not. (Mr. Verry.) I

think there might well have to be some discussion with the Treasury as to whether any variation in the form which we give this information in is desirable or not, in future years.

Mr. B. M. THIMONT, a Principal (Estimate Clerk), and Mr. P. NICHOLLS, Deputy Establishment Officer, Treasury, called in and further examined.

Chairman.

699. I think it would be perhaps convenient, before we come to the general points, if we can dispose of the Government Hospitality Fund in the light of the subsequent information you have given us. The total of the original Vote plus the Supplementary comes to £105,000. Are we to understand from the subsequent information you have given us that the actual spending is on the basis of £115,000, because they have used up the £10,000 in hand from the previous year?—(Mr. Clarke.) That is right.

700. And are we right in understanding that in connection with the three State Visits, of which you have given us a figure, they prove to have worked out at £23,000 when the expectation was £7,000?—That is right, yes.

701. Can you from your knowledge as the presenter of the Supplementary give us any explanation for such a very marked change?—I think it is simply, Sir, that the visits cost more than was originally expected. That is to say, at the time when the Estimate was made, in January of last year, it was expected that these particular visits would cost more like those which had occurred in previous years. It turned out subsequently that they were very much more expensive.

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Mr. Thorpe.

708. There must obviously be some limit set when the initial invitation is sent out, and I suppose the Treasury can therefore assess to some extent how long the visit is going to last? What is the procedure? Can you say, or is that a matter more for the Palace? Do they invite them for a period of X days or leave it to the invitee to decide how long he or she will stay?—Mr. Nicholls will confirm if I am wrong, but this is not a thing that comes to us at all at any time.

709. Are you told, for example, that the King of Timbuktu will be coming over and it will last nine days? Are you given a specific time?—We would not be given anything at all. The Secretary of the Government Hospitality Fund would form a view at some stage in the proceedings of what sort of an operation this was. He would not possibly know six months in advance, at the time when he is thinking of what his expenditure is going to be for the year. He may know there is going to be a visit of that kind during the year but he certainly will not know in any kind of detail what nature of a visit it is going to be because this is the kind of thing that develops, and you do not really know what it ultimately is going to turn out to be until you come to the end.

* * * * *

Chairman.

713. On the machinery for handling this business you told us that as a general policy you liked other Ministries where possible to take responsibility for Votes in general?—Yes.

714. In this instance it is the Minister of Works to whom, primarily for historical reasons, the man running the Hospitality Fund looks for instruction and guidance, but there is no Ministry outside the Treasury dealing with it?—That is right.

715. In the nature of the case quite a lot of this Hospitality Fund must arise through either the Foreign Office or the C.R.O. If one forgot history for a moment would you see any advantage in taking the responsibility for the Vote and the guidance of the Brigadier in charge and putting it either into the Foreign Office or the C.R.O.?—I think this would be one way of doing it. I think one has to bear in mind here, however, that there are quite a large number of departments which come into this. There is the Foreign Office and the C.R.O.;

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there is also the Colonial Office and the Board of Trade. We ourselves in the Treasury have substantial international business and other departments are also concerned perhaps less frequently, so it is a big inter-departmental operation which the Government Hospitality Fund is performing.

716. May I just ask you this: does the Brigadier in charge go to, so to speak, the sponsoring department of a visit for guidance as to the extent of hospitality to offer, or does he go to the Ministry of Works?—They would come in the first instance either to him or to the Minister of Works and say, "This is a visit we want hospitality for", and they would make a proposal of the sort of thing that would be required.

717. They being the Department?—The Department.

718. So that in effect would it be right to say that the present system enables the Department to decide the degree of hospitality that is offered?—Subject to the Government Hospitality Fund. You see, there are general rules governing this, for example, the rule that the Fund cannot be used except for entertaining foreigners of Ministerial rank. Then, the Fund would not give funds for a reception in this country at which the host was below the rank of Minister. Certain circumstances can arise when that rule is waived but only under very special circumstances. Then there are other rules about particular visitors not having two kinds of hospitality, hospitality under two different headings, one reception by one Fund and another reception by another. So the Department does not necessarily get what it wants out of this; it gets what the Government Hospitality Fund is prepared to provide in that particular case.

719. But assuming the Government Hospitality Fund has certain rules and has to keep within them, I do not quite understand what role the Minister of Works plays, if the Foreign Office, for instance, wants to lay on hospitality for its sponsored visitor, the Board of Trade likewise. What role in practice does the Minister of Works play which is of importance?—He deals with the Minister in charge of the Foreign Office or the C.R.O. or Board of Trade on the particular question; the question of scale

of entertainment or type of entertainment is a large one.

Mr. Thorpe.

720. May I ask two questions, Sir, one for clarification, one for information? The first is, do I take it that the criterion adopted for obtaining funds from this Fund is that the host is a Minister?—Yes.

721. Supposing there is a borderline case or there is some question on which the Brigadier is not certain whether or not the rules are going to be infringed, to whom does he refer that query? To the Minister of Works or the Treasury?—(Mr. Nicholls.) On most of these cases he talks with me anyway or gives me the information and consults me.

722. In your capacity as representative of the—?—Treasury Accounting Officer.

723. Do I take it from that that if and insofar as fresh rules have to be laid down for the Hospitality Fund that again would be laid down by the Treasury?—Yes.

724. So that the Treasury, so to speak, are the final arbiters so far as the qualifications for assistance are concerned, whereas the Minister of Works has this other sort of interlocking duty, so that in a sense there could be a conflict between the two?—It is possible but unlikely. The Minister has to give his formal consent to any entertainment anyway, over a certain figure.

725. The Minister of Works?—The Minister of Works.

Chairman.

726. It does not mean if the Foreign Office want the King of Nepal to come over the consent of the Minister of Works has to be obtained before that can happen?—Formally, yes.

727. If it were thought proper for that authority to be waived and it were thought that the Foreign Secretary was quite sufficient authority for the visit, would not the Treasury be quite capable of standing up for the Hospitality Fund if too much pressure was put upon it, without the aid of the Minister of Works?—(Mr. Clarke.) I think there is a difficulty here in this line of argument because the work of deciding what shall be done in these cases of entertainment is Ministerial work; that is to say, the

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man who decides this cannot be Mr. Nicholls, the Deputy Establishment Officer of the Treasury, it has to be a Minister, because these are exactly the sort of things which Ministers in the inviting Departments will clearly wish to discuss themselves. Therefore, it has to be the Financial Secretary or the Chancellor of the Exchequer who would interest himself in this. One has to have a Minister very actively concerned and engaged in all this. We would argue with a good deal of strength of conviction that this would be a wrong duty to lay on a Treasury Minister, this duty of acting as a speaker in this respect.

728. Would your objection to choosing one of the using Departments be that he would be judging his own case?—I think that is one difficulty. The other difficulty is that the other using Departments might well feel that if there is an Estimate of £80,000 and you have got to live within that Estimate, that particular Minister will not be a good judge as to how that is to be divided between the other Departments.

Mr. du Cann.

729. Are not some of the Departments, as I understand it, already judges in their own case? This Government Hospitality Fund is not the sum total of Government hospitality?—Certainly not, no.

730. So there are many cases presumably where Ministers are judges in their own cases?—Subject to the amount of money which they have in their Estimates. It would be perfectly possible as a matter of theory not to have a Government Hospitality Fund at all but to allow each Department to do its own entertaining of this type of person as well as any other.

731. May I ask something which I have never understood and still fail to understand—it may well be my fault—what criteria does a Minister in charge of a Department—and we have been told that a number of Ministries are responsible, Foreign Office, Board of Trade, and so on, for putting up candidates, so to speak, for the Government Hospitality Fund—employ in judging whether to use his own Hospitality Fund in his own Department or whether to use the Government Hospitality Fund, this general Fund?—I would myself say that this turns very much on the kind of

hospitality that it is. If it is hospitality where the Government as a whole is inviting somebody, as represented by Minister, Head of State etc. from that country, then that has always been felt to be something for which there should be a Government Hospitality Fund. This was why the Fund was started in 1908. Now, when there are officials coming from abroad or something of that kind, something on a smaller scale, that is suitable to be carried by the Foreign Office's own departmental entertainment allowance. It is really a question of whether the Government is inviting and providing hospitality for distinguished foreign people compared with the hundred and one purposes for which an ordinary departmental entertainments account has to stand.

732. Is there really any difference between, say, the Foreign Office inviting somebody to come and the Government inviting somebody to come, when one is not discussing State Visits? We are supplied with the accounts for previous years, and a most interesting list of individuals and delegations is given. Is there really any difference between, let us say, the Foreign Office inviting the ruler of Dubai or the Government inviting the Iranian Minister of Industry and the Board of Trade inviting the Iranian Minister of Industry? There must be many occasions when the Board of Trade asks other Ministers of Industry of other countries to come as its guests to this country to discuss various matters, I should have thought?—I would doubt whether that would be so.

733. It would be wrong to say that?—I doubt if they would be using their own Departmental funds for purposes which could be met by the Government Hospitality Fund.

Chairman.

734. Would it be fair to say from experience that if there is any hope of getting it out of the Hospitality Fund that is where the Department hopes to get it?—I think that it would be natural for them to do that, but I would add that there are pretty firm rules on the way the Government Hospitality Fund operates in this, and I think the case for having it centralised in this way rather than getting it done by the other Departments is that you can enforce firm rules on something

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which could get out of proportion very easily.

735. The Sub-Committee should understand, then, from your experience that assuming there is a Government Hospitality Fund there ought to be an independent Minister to support the operator of the Fund against any pressure from individual Departments in their own interest?—And to guide the Government Hospitality Fund, yes.

Mr. Leslie Thomas.

736. If the Department asks someone from a foreign country not below the rank of Minister, could that Department be refused money from the Hospitality Fund?—You mean, supposing the Board of Trade wanted to invite a Minister on a visit which would, as it were, be in line with the constitutional position, could the Board of Trade be turned down on that?

737. Yes?—I would think it unlikely. (Mr. Nicholls.) It would be theoretically possible but unlikely in practice, I would say. (Mr. Clarke.) Unlikely if it was a valid case under the rules.

Mr. du Cann.

738. May I ask if there are any rules about scale of entertainment? For example, going back again to previous years, take 1958, a visit of the Canadian Trade Delegation cost £8,500, which is, for example, more than three times the cost of the visit of the Commonwealth Finance Ministers. The visit of the President of the United States, who after all is an extremely important person, cost half as much as the visit of the Shah of Iran. On the surface some of these things are a little curious. There are other visits where similarly, looking at the paper, it seems as if they are out of scale a little. Are there rules about scale?—Let me take the particular point first of all. The Canadian Trade Delegation was a very separate thing. Indeed, it was a question of discussion whether that particular one should have come on to the Government Hospitality Fund Vote at all, whether it should not have been handled by the Board of Trade Vote in the ordinary way, but the decision was taken for reasons which were thought valid at the time to do it that way. However, this, of course, was a very large operation with the Canadian Trade Delegation, a large number of people spread over a number

of visits round, and so forth. When you come to the other things, the amount of money that is spent really depends upon the number of people invited and the time taken by the visit, much more than the importance of the visitor and the standard of the entertainment provided. There is a tremendous range of diversion between the various visits in this respect, and this does not relate to the degree, as it were, of luxury which is provided but to the number of visitors in each visit and the time taken by the visit.

Mr. Thorpe.

739. To get back to the procedural point—and I do not mean this frivolously—supposing, for example, the Commanding Officer of the Board of Trustees, if such exist, of, say, Greenwich, want to have a 150th Anniversary Dinner and they want to invite an Admiral of the Fleet and choose the King of Sweden, and they invite him and he accepts. Well, the first point is that this infringes the rules so the first reference has to be made to the Treasury to see whether they will consent to this particular Board drawing upon the Government Hospitality Fund, whether this is an exceptional case. It seems to me they have then got to go to the Ministry of Works, to get the Minister of Works to sign the actual expenditure. It seems to me once you have got consent from the Treasury it ought to follow that consent for the spending ought to be done by the Department which has given initial consent for the Fund to be drawn on. It seems you could have an odd situation where three different Ministers could answer?—I do not think it is really quite as formalised as that. There is no process of going through, or of applying for authority for particular people in quite that way. I think what would happen in the particular case, and Mr. Nicholls will correct me if I am wrong, is that if the Greenwich people wanted to do that, and wanted to invite the King of Sweden for this purpose, they would ask Brigadier Macnab whether the Government Hospitality Fund money would be made available for this case. I do not think, as a matter of fact, that it would, because the Services do not normally come on the Hospitality Fund at all. But what Brigadier Macnab would do, I think, if he felt it a reasonable thing is have a word on the telephone

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with Mr. Nicholls about this. He probably constitutionally has the right to settle the thing himself—(Mr. Nicholls.) I think he might ask me what my view was, then he would advise his Minister either to accept or reject the proposition on that basis. (Mr. Clarke.) But it would not be a question of letters being written, at all.

740. His Minister would be the Minister of Works?—Yes.

741. But in fact the infringement of the rule rather than the exception to the rule would have finally to be approved by the Treasury?—Yes.

Chairman.

742. I think that covers the ground pretty adequately as far as the Hospitality Fund is concerned. There are a number of general points that we would like to take. We are very grateful for this additional memorandum and for the division of the total of the Estimates into the four categories, even though it is qualified to the nearest £5 million. I think that another year, when we have had a little more experience, it would be possible in the original memorandum to the Sub-committee with the Supplementary Estimates for that division to be made the first time?—I do not deliberately mean to hesitate here, Mr. Chairman, but we do produce the memorandum for you very fast indeed. This is an operation which is done at a great pace, and it would delay the memorandum if we had to complete those calculations and put them in the memorandum. This particular work of dividing this up into the categories is a very troublesome one in which Mr. Thimont has to display a great deal of judgment, and weigh the thing up in his mind whether it should go there or there, or whether he should put half there or half there. We did not get the figures into this particular form until we were preparing this supplementary memorandum. It is a difficult thing to do quickly. We can always try, but I believe myself that the Sub-committee's interests are best served if we give them the memorandum as quickly as we possibly can in these circumstances, and perhaps build it up with information a few days later, such as this. That is the only reason why I hesitated. I would not like to make

an undertaking which would lead us to delay the memorandum in future.

743. In a number of these cases the problem of dividing the Estimate into categories, particularly when it comes to (A), is complicated if there is a small element in the figure for increased pay?—Yes.

744. In seeking to get a set, or a code of, conduct so to speak for this Sub-committee, which is in its first year only, we have been wondering whether a percentage of increase in numbers should be decided, small enough to ignore if it is well below the figure chosen, and only treated as a reportable item if it is in excess of that figure. To illustrate my point—I am asking you this to get your advice and reactions—if we were to say that staff increases in number did not exceed 5 per cent., it should be, so to speak, ignored for the purpose of putting it into the category, and if over 5 per cent. should be shown as an item which is reportable, would you think from your experience that that is too high a figure for the purpose that I have described?—I would have thought myself, subject to what Mr. Thimont has to say, that 5 per cent. was a little high. (Mr. Thimont.) I quite agree. (Mr. Clarke.) I would regard the increase of less than 5 per cent. as being highly significant in the field of staff increases.

745. What figure would you think more reasonable for the purpose I have described?—(Mr. Thimont.) I would say 2 per cent. Where you have big departments with large numbers, 5 per cent. represents a very large increase in staff in actual numbers.

746. I was using the figure purely for illustrative purposes and to get my point clear. You think a figure such as 2 per cent. for the dividing line between what is worth reporting and what ignoring would get us rather nearer reality?—(Mr. Clarke.) Could I make a further point about the division between (A), (B), (C) and (D)? I would like, in fact, to make two points. I think the first point is that putting it in terms of numbers in this way is potentially misleading, and there was the point made by the War Office and the Air Ministry earlier of the net situation, the difference between gross and net. That difference, as the Air Ministry witness said,

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is very much more serious in the case of the Service Departments than in the case of the Civil Departments, where we are forgetting about those Departments which do not have a Supplementary at all. But the point is, of course, there in the Civil ones also, and there are changes in appropriations in aid and so forth which one cannot put into (A), (B), (C) or (D). I think therefore we would like before next year's exercise to give this matter a little consideration ourselves, bearing in mind what the Sub-committee wants, quite clearly, for its purposes, and try and see whether we cannot do this in a way which is not liable to be misunderstood.

747. Would you think it a useful operation for you to meet the Sub-committee well in advance of the time when the Estimates are to be presented, to try and devise formulas and so forth?—That is rather what I was thinking, Sir. If we could do a memorandum for the Sub-committee on the subject and then have a meeting with the Sub-committee well before the time for the Supplementaries, and bring in the Service people at the same time, I think this would be helpful.

748. We will bear that in mind?—The other point I would like to make is about the figures we were doing earlier this afternoon with the Services. When it comes to your report on the matter in which you will clearly wish to refer to this, I felt that it would be liable to be misleading to add our figures here, the Civil figures, to those Service ones just as they stood. Ours are rounded to the nearest £5 million in each case, and so it would not do, so to speak, to say that our figure for (A) is £30 million, and then make a figure for the Air Ministry of, say, £2.5 million, and for the Army of £2.2 million, making a total of £34.7 million. I think one has got to show a figure for the whole lot rounded to the nearest £5 million. It would not make sense to add figures which were represented as being precise to figures which had been rounded to the nearest £5 million. So what I would like to do there also, if this would help the Sub-committee, would be to suggest some figures to the Sub-committee of the sum of the Civil and the Military, on the basis that we have seen, which you could use as being the best figures that were obtainable on the matter.

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749. That would be very helpful, but how soon could we have those?—Those would have to be in the next 24 hours or so, probably, from your point of view.

750. It would?—I took down, while the Service Departments were speaking, their figures but I really think that how those are spatchcocked in with ours is a thing which I would like to give a little thought to.

751. It would be helpful if you would do the assembling with the Civil Service figures, because without the necessary knowledge we might mislead. At the same time perhaps you would say whether the criterion of category (D) is really comparable?—I felt they had been a little unkind to themselves on category (D) compared with the way we had treated the Civil Departments.

752. Perhaps you would take that into account when you let us have the paper. Now, on the question of the Ministry of Works Vote 3, there is a category in the Supplementaries which deals with the overspill of projects intended to come below £10,000, but in fact which have gone over it. Could you say when that dividing line of £10,000 was fixed?—I think all I can say on that is, a very long time ago.

753. Would you agree that the change in the value of money and so forth warrants significant increase in that figure if it is to fulfil the purpose it was originally intended to fulfil?—Oh, I am sure that is the case, and that the particular rule of £10,000 is not really in the interests of efficient working of the Department, or the efficient work of, Parliament on this matter, and ought to be substantially increased. I think a great deal of this question of Works Votes, and the way the material is presented to Parliament should be revised in a manner which would be designed really to enable the Sub-committee to get a much clearer picture of what goes on in this field.

754. We learned that these various projects are divided into three types, one type which overspills the £10,000 that I mentioned, another type which had to be started since the original Estimate was drafted, and a third type which has to be put in because money is liable to be spent on them prior to the appropriation account going through Parliament. Is there any reason why in so far

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as projects are listed, even possibly under new rules, they should not be put in those three groups, with a total for each group out of the Estimate presented to Parliament, without the need for the Sub-committee to extract the information by cross-examination?—I am quite clear, Sir, that the way this is presented on the face of the papers for Parliament should bring out the relevant points. I think the Sub-committee should not have to ask questions on this, except in matters of substance concerning particular things. Whether, however, the thing should be done in a way which brings out those particular points I am not entirely certain.

755. You would really say that the whole position of the Ministry of Works Estimates is in need of revision, and needs more study than the time available has made possible?—I think that is so, Sir. We are thinking about this ourselves in the Treasury.

Mr. du Cann.

756. While the examination is taking place, could particular attention be given to the point where Supplementary Estimates for smaller amounts are put in to get Parliamentary approval for the expenditure of very much larger amounts of money, also to the setting out of those amounts so that the total sum to which Parliament is in fact giving future approval can be properly understood?—We will take note of those points.

Chairman.

757. With regard to the third category I mentioned, namely those for which provision is taken by a token Vote and work is liable to start immediately after the beginning of the financial year, the Sub-committee has been told that technically they would have no right to start such work unless there was a total Vote, or they could get special permission from the Treasury. Are you aware of any times when the work has in fact been held up for want of a total Vote in the Supplementary?—(Mr. Thimont.) No, I have no particular knowledge on this point, but my impression is that such cases, if they did exist, are very rare indeed.

758. The system as we understand it really means that there will be few projects which require a token Vote to get

work started, and that there really would be no need to have a Supplementary for that purpose alone, even if there is not one for any other purpose. Would you think that we ought to be driven to the conclusion that some Supplementaries are technically desirable, such as the ones I have described?—(Mr. Clarke.) I do not really like Supplementaries being required for technical reasons. I think this a weakness from the point of view of your Sub-committee; I think it is unfortunate. If you are examining Supplementaries, you really need them to be Supplementaries of substance and not for technical reasons.

759. How does the system permit work to be done with approval, if it is not done by the total Vote?—I think the system is inadequate.

760. Do you know of any way to alter it, to avoid the need for Supplementary in those circumstances?—I think one needs to consider—and I am really talking here rather without the book, or before we are ready to talk fully—because there is some doubt in my own mind about the extent to which detailed Parliamentary approval is helpful, in everybody's interests, on individual projects. If you take hospital buildings, for example, one does not have that. They are spending immensely more money than the Ministry of Works. The list of projects is given in an appendix to the Vote, and is given for Parliament's information; from the point of Parliament and from the point of view of this Sub-committee too, everything could be done with that appendix which could in fact be done with the material if you printed it in the body of the Vote. In all your questions whether certain projects were desirable or not, the question of the rules under which projects are made, the criteria for embarking on projects and so forth—all those can be answered just as easily on an appendix to the Estimate as if the details of the project were given on the face of the Estimate and on the Vote itself. But the technical difference is that if it is in the appendix it is not carrying a specific Parliamentary approval which is required for the particular item, or for each individual item.

761. What about the item which has only come to life well after the original Estimate is presented, and needs to have

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work started on it immediately after the beginning of the financial year?—If you were handling it in terms of appendices, when exactly the same thing happens in the case of the hospitals, it is covered by the procedure without Supplementary Vote, provided the money, of course, provided for the expenditure on hospital capital expenditure is there. If they have exhausted the amount under that subhead, then they have to come for a Supplementary under the capital expenses subhead, but they can start a new hospital without getting a Supplementary otherwise. I really think, looking at it, as it were, from your point of view as well as from our point of view, that is a better way of doing it than using Parliamentary control in a way which unreasonably makes people go through technical hoops instead of really thinking about the job of making the building cheaply and doing it in the best possible way. We have no final views on this matter, but when I say we are considering how this should be done, that is the sort of thing in mind. There are other cases than the Ministry of Works which are involved in this. There are large amounts of Government building which really ought to be dealt with in much the same kind of way.

762. Would you say that this what I call intermediate meeting with the Treasury before the next Estimates, already referred to, might include such a survey and discussion as we are now alluding to?—It may conceivably be, Sir, that we shall be putting proposals to the Estimates Committee earlier than that. But this is a very important field, how capital expenditure should be treated from the point of view of Estimates, and I am sure it is tremendously important that Parliament should be fully informed as to the content of it, the methods of it, whether the estimating and progressing is well done, and I would myself prefer to concentrate on getting that absolutely clear in the documents. But this is a long way ahead.

763. Turning to another point: in a number of instances in the Estimates, in the detail of Part III, we have found the description extremely limited, and when the Department concerned is asked why the description is so limited they tell us that the rather more elaborate

description they put in has been curtailed by the Treasury. Would you comment on that?—(Mr. Thimont.) I think you probably have in mind the Federation of Malaya; the provision of Supplementary Estimates under the Federation of Malaya, Q.1 of the Commonwealth Services Estimate. The detail put in by the Department actually was no more than the reproduction word for word of the Part III detail which already appears in the main Estimate for that particular Vote.

764. Which particular Vote?—Commonwealth Services, Q.1, Federation of Malaya, contribution in kind, where we have, "Additional provision required", and then a large sum. This is a case where the Treasury struck out the words originally put in by the Department when the Draft Estimate was submitted. Those words which were struck out were actually no more than a reproduction of the words which appear in the main Estimate under this particular subhead. Our policy in relation to Part II detail in Supplementary Estimates is that whereas a Supplementary should of course be intelligible in itself it should not reproduce material which already appears in the main Estimate and which adds nothing to intelligibility, because the Supplementary and the main Estimate, if you are looking for detail, should be read together. In this particular case the main Estimate sets out the kind of things for which provision is being made without specifying them; it does not actually refer to any particular airfield, any particular store, it just sets out the kind of things. What might have been useful is if Part III of this particular Supplementary had referred specifically to Kuala Lumpur Airfield, but there was never any suggestion on the part of the Department that this should be done. Indeed, it may be the reason for that is that there is no suggestion in the main Estimate that any particular article or store or area should be named.

765. Might it be left out for policy reasons in certain cases?—It might be left out for policy reasons in certain cases. Whether it was done for policy reasons in this particular case I do not know; only the Commonwealth Relations Office could answer that.

766. So the Sub-Committee may take it you only strike out the descriptions that are offered where you think exactly

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the same information can be obtained by reference to the main Estimate?—That is so, Sir, and also in striking these out we would not do so without telling the Department. The Department, of course, in this particular case, was informed and, though they questioned the wisdom of striking the words out, no appeal was made to me personally and the Department accepted the amendment made by the Treasury.

Mr. Thorpe.

767. What it in fact suggests is that the details given in support of the Supplementary Estimate may not in themselves be sufficient without the inquirer making a cross-reference?—They should be intelligible but if he wants to go any further he may well be advised to look at the main Estimates.

768. Intelligible surely means you understand what you read; that is not the same as giving the information required?—In this particular subhead I think you understand what you read because it says, "Federation of Malaya: Contribution in Kind". That tells you in perhaps general terms what the provision is for. On the other hand, the title of some subheads might not be sufficient and there on the Supplementary Estimate we would reproduce a part if not all of the material which appeared in the main Estimate so that that particular subhead would be intelligible.

769. I fear this is perhaps more a matter of comment that it is intelligible, but that is about all. Would I not be right in thinking that the policy for these subheads is not merely to render what is written intelligible, which is merely a drafting point, but to give you an idea of what it is for? Without making a cross-reference, there is no idea in Q.1 as to what on earth it is for?—I would—

Chairman.

770. Would I be right in thinking that the Treasury would have preferred a reference to Kuala Lumpur Airfield to have been attached to this Part III description?—I would not know whether we would have preferred that or not. I agree it would probably have been helpful if such reference had been made, but there may well be considerations which precluded it from so appearing.

Mr. Thorpe.

771. But we do not know of any considerations, do we, save that the full words originally submitted in fact appeared in the original Estimate? That is the only reason we know for its submission?—The only reason we know for its submission is it was never suggested by the Department it should be included.

772. I thought it was suggested in the initial draft?—No, the initial draft never suggested the inclusion of anything which does not appear in the main Estimate.

773. No, no. I thought when the C.R.O. submitted these Supplementaries it was right to say that their initial draft included a fuller description of the reason for Q.1 and that it so happened that that description was on all fours textually with the description in the original Estimate?—That is quite correct.

774. And it was for that reason and that reason alone that the Treasury dropped it?—That is quite correct.

Mr. du Cann.

775. On the same point, on the same page there are other places under this general head: on N.3, for example, there was a token provision of £10. Would there in the view of Treasury be any objection as to giving some indication of what the final cost may be?—(Mr. Clarke.) Of the final cost in the Estimate?

776. Yes. There are places where an indication of what the final cost will be is given, for instance, in V.2 (b). In N.3 there is no indication of the cost. There is no indication of the cost either under V.5?—(Mr. Thimont.) The answer may be that it is not at present known what the cost is likely to be.

777. That I can understand?—But we will certainly bear in mind the advisability of putting an Estimate, where it can be made.

778. The point I am getting at is there seems to be no common practice here, having regard to what has already been said about what might be done on these Estimates. Looking at the Ministry of Works Estimates, there in general the final cost is foreshadowed when the token estimate is put in. In other Estimates sometimes it seems to be

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the case and sometimes it does not, and what I am really asking is whether the Treasury agrees that it might be advisable to have some standardisation of practice where it is possible?—Yes. It may be there is standardisation of practice at the present time, because it may be simply that one does not know at this point how much is going to be spent. This particular one is rather different: the Swaziland Grant in aid is just a general grant in aid, expenses of administration which may be determined in the light of budgets supplied by the territory. But in the case of the Cyprus grants, there you have some policy decision made which has already been quantified, and there you have the figures set out.

779. This is slightly difficult for Parliament where a token Estimate is put in and no final cost is given, because it may be a case of writing what is virtually a blank cheque. That is what I have in mind?—(Mr. Clarke.) I think there is a difficulty here. I suspect that the difficulty is really a matter of degree; I mean, the difficulty is inevitable to some extent. I think your point really is whether on enough occasions one does give the figure, and wishing really to swing the balance in favour of giving a figure rather than not giving a figure. There is only one qualification I would make to that: I think it applies more in the original Estimates than in Supplementary Estimates, but if in original Estimates Departments give very rough estimates they are bound to err on the high side, and the result of that is that you will be getting some padding to the Estimates at that stage, which will save them from the necessity of coming for Supplementaries in the end and, generally speaking, lead to inflated Estimates at the start. One always has to draw the line between running a risk of that kind and, alternatively, running a risk of really giving Parliament no information whatever by putting in a token.

Mr. du Cann.

780. Is it not a fact, though, that to some extent Parliament is no doubt quite accidentally misled? Here we have Supplementary Estimates for £73 million odd, containing a very large number of token amounts, and some of these token amounts involve very

large final amounts, and, of course, nowhere do these Estimates contain, unless one goes through them with a paper and pencil making particular notes, any indication of the final liability which they involve. Would it not be sensible perhaps after consideration to have those additional final liabilities set out somewhere so that they could be plainly identified and calculated?—I am hesitating, Sir, because one wonders what the effect would be. Take the Swaziland grant in aid, N.3. I do not know the case or what the figures may be, but supposing the possible figure here may be, say, £25,000, if they still quoted a token figure but put in the substance of the subhead meanwhile, "Substantive provision will be made in the 1961/62 Estimate but the expenditure in this year will not exceed £X", is the effect of that to help you, as it were, or does it make them feel that X has been really put into the Estimate and they can spend up to that without anybody asking?

Chairman.

781. I think the difficulty would be, once you have embarked on the project costing £25,000, whether you spend £1,000 or £12,000 in this year you are still pledged to the whole amount. It is the absence of the knowledge of the £25,000 and only having £10 mentioned that seems to imply we are writing rather a blank cheque. Even if it is a less reliable estimate than the normal one, would it not be prudent to have some place where these rather more uncertain forecasts could be disclosed so that Parliament would know how to interpret the £10 authority they were giving?—May I take that one and think about it in the light of the discussion, because this is clearly a point which runs right through the whole of the Estimates? We would need to see, as the Estimate Clerk was saying, the extent to which there is in reality a standard practice in any case, or whether in fact the Departments are doing it in a different way, but I can well see the substance and force of the points which are being put.

782. There is another aspect of this token business we have come across: there has been one instance where an overseas Government and the Colonial Office have sent in a figure which there has not yet been time to scrutinise. Instead of putting in a £10 token sum,



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something like a quarter of the likely sum has in fact been put into a Supplementary Estimate. Do you regard that as desirable practice on the grounds that if you are only putting in 25 per cent. you cannot be wrong, or do you think that it would have been better to stick to the £10 technique on the grounds that the Estimates have not been properly scrutinised, and anyway it might have been a loan?—I think it really turns on how much is known at the time. If the matter is genuinely uncertain, I think you have got no escape from the £10. Whether it is right to have a sort of intermediate stage where you put in some figure, I do not know. Of course, it does give you an advantage if you put in a figure that you are getting the provision for it which you need to have in the Supplementary Estimates.

783. Could you just comment on this aspect of this problem: is it right to put a figure in knowing that the Estimate has not been scrutinised?—If you know that substantial expenditure is going to take place, whether it has been scrutinised or not I think you are bound to put some figure in. Otherwise you are misleading Parliament if you say it is completely uncertain, which is what is implied in a £10 token Vote. You see, supposing you had a requirement for grant in aid and it was £100,000 last year, £150,000 another year, £120,000, perhaps £200,000, you would be pretty sure it would be as much as £100,000 in a particular year and I would have thought it was right to put it in.

784. Even though in this particular case the possibility of meeting the situation could have been by a loan rather than a grant?—If the Department really thought that at the time—as I say I do not know the particular case—I could see that a token Estimate might well be a better thing to do, if there was a genuine thought that it might be dealt with by a loan rather than a grant.

785. Now we come across an instance where it has taken about four years to settle a difference of opinion between the Colonial Office and the War Office as to whether British Guiana should or should not be charged for certain military costs incurred for our troops over there. How far in those sort of cases does the Treasury come in as an arbitrator or as a supporter of either side to prevent such a long-term wrangle going on, as in fact this was?—We try, as a matter of

policy, to let the departments settle this kind of thing between themselves. If we came into every negotiation between every two departments, it would be a load which we could not possibly take. We are quite often asked, as it were, to arbitrate in a matter of this kind, and then of course we do so. If a case is running on and on without anybody settling it, and it is quantitatively important from the point of view of Estimates, we may well ask when it comes to Estimate time, "Haven't you settled this yet? Should you not make more progress towards settling it?"

786. But might there not be a dispute without your knowing it?—I would doubt it, on substantial sums of money, because we do go through the subheads, and we ask questions at Estimate time as to what is in the subheads.

787. There are now I think only two points left. One is Class V, 12, the only category (D) that you put, the Scottish one. Could you tell us just a little more, if you know it, what was this transposition of figures and so on? Was it a typist's error, or something more than that?—What actually happened, as far as I am aware, but perhaps Mr. Thimont will correct me if I am wrong, is this. This is the question of the general grant to the local authorities. The local authorities have to fill up forms for that purpose; they send their form in to the Scottish Home Department, then in the process of centralising all this work, one of the figures was wrongly transcribed from the local authority's form on to the department's form on which this was to be put. Consequently, of course, the thing was not carried through properly; ultimately the point was spotted and the correction was made. It is a troublesome kind of business, because one is tremendously dependent, and increasingly dependent, on arithmetic being accurately performed. The possibility of mistakes in transcription from one document to another is tremendous. It is a problem which runs very heavily through this whole new world which is opening up of computers. You say you have a wonderful computer which will do all the calculations, but you have to take very good care that the figures you are feeding in at your end are the right ones. This is by no means easy to do, and every department does have a process of checking

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and so forth. I am quite sure the Scots in this particular case, this having come up, have examined their system to see that it is as fool-proof as it is humanly possible to make it.

788. The last point, again, is an aspect of the possible Supplementary, in the field of the Colonial Office, where we are told there are certain territories overseas whose financial year is not the same as ours, and in so far as it falls into the future they have to add on a proportion for the year in question, which inevitably turns out wrongly because it is purely an additional arithmetical process. To put the matter right, and when the facts are known, very much nearer the time, a Supplementary is put in, and it could be argued that if every estimation was as reliable as it could possibly be, here is one which would inevitably result in a Supplementary. Would you care to comment whether that is so or not?—I do not see why that should inevitably result in a Supplementary. Surely it can work the other way round; it can result in underspending, I would have thought. But I do not think this particular problem is different in kind from the problem that goes on in estimating over a very wide field indeed.

789. Is it not the case where a territory has a period June to June and you are estimating in the winter much further from the facts than we are in April to April that that inevitably makes it much more difficult to get reliable figures?—Of course, in that case you are three months ahead, but I would have hoped myself that the Colonial Office would be able, with the local Colonial Government, to make equally reasonable Estimates in October or November, whenever it is, for what money is going to be required from us in our financial year whatever the accounting year of the Colonial territory.

790. But is it not so that in a case where it is June to June we should have to take the period June to April as an arbitrary addition to the authorisation already made without scrutiny of the facts for that period?—But that is the same if it is April to April. It is as bad from that point of view, is it not? You are only three months worse off in that way, are you not?

791. Well, the last quarter of the year for which we are voting money is not based on an assessment of what will happen in that period but, we are told, is based on an addition of a quarter, purely arbitrary?—Yes, I think it is. It is obviously difficult estimating to do.

792. You would agree it is more difficult but not inevitable that this should be Supplementary, would that be fair comment?—I would agree with that, yes. The problems of estimating are tremendously difficult and, taken over the Estimates as a whole, I do not think this particular one is one of the worst or one of the most difficult.

793. One last point: do you think it would be practical to conduct an exercise similar to this one for the Summer Supplementaries?—There are two points here, are there not? There is the question of time, of whether one could fit the hearings of this Sub-Committee into the timetable which is available for the Summer Supplementaries: and there is the question of substance. I would like the Estimate Clerk to comment. (Mr. *Thimont*.) Supplementary Estimates to meet increases in pay and increases in costs are usually left over until we have a better idea as to how things are working out; that is why they tend to congregate in the spring. Summer ones will have a very high proportion of the B. On the timetable, one obviously wants to leave the presentation of these Estimates as late as possible and we like to leave it as late as possible, having regard to when the guillotines are going to fall. The further you bring them back to enable the Sub-Committee to do an exercise on them, the less realistic these Estimates become. But the numbers are small so therefore the Sub-Committee would have much less difficulty, I think, in dealing with them, though the items themselves might be large.

794. Would you find if they were brought back, shall we say, three weeks or four weeks, to enable scrutiny to take place that the accuracy of them would be prejudiced severely?—I would say yes if they were brought back a month, but certainly not in a fortnight.

795. A month might have some effect?—A month might have some effect, yes, because the period itself between now and the summer is reasonably short in this particular context.

APPENDIX 1

THE CIVIL SUPPLEMENTARY ESTIMATES, 1959-60

Note by the Treasury

Civil Supplementary Estimates were presented on four separate occasions in 1959-60—usually there are only three, i.e., autumn Supply is exceptional.

At the beginning of last July 20 Supplementary Estimates were published in the sum of about £28m. All of these Estimates were required on account of developments in policy subsequent to the presentation of original Estimates in February and for which no provision had been made. They fell under the summer guillotine and were included in the July Appropriation Act.

In November six Supplementary Estimates were published, for what was virtually a token sum, in order to effect the re-distribution of existing voted moneys necessary as the result of the re-allocation of functions between certain Ministers after the General Election. The Estimates were taken in Committee of Supply and on report only, and were used by the Opposition for debates on the duties of the Minister for Science and the functions of the Ministry of Aviation. They were considered formally in Ways and Means along with the Spring Supplementary Estimates and included in the recent Consolidated Fund Act.

On 3rd February we published the Spring Supplementary Estimates of which there were, on this occasion, 81 for the total sum of £76m. 20 of these were token Estimates presented to secure the approval of Parliament to either—

- (a) new projects to be financed out of existing voted moneys;
- (b) a re-allocation of provisions within votes; or
- (c) the application of additional sums as appropriations in aid.

The remaining 61 Estimates may be divided roughly into the following categories:—

- | | |
|--|----|
| 1. Those presented to obtain substantive provision to cover policy developments which had taken place during the Financial Year | 17 |
| 2. Those presented to enable Departments to meet increased expenditure arising almost wholly from higher levels of remuneration... .. | 34 |
| 3. Those presented to meet additional expenditure arising from a variety of causes not covered by (1) and (2) | 10 |

The split between (1), (2), and (3) is necessarily somewhat arbitrary; but it does serve to provide an indication of the principal reasons for the increased demands by departments. The line of demarcation between (1) and (2) is to a great extent artificial since the majority (and certainly the most costly) of the increases in salary scales are the result of policy decisions taken at the centre, the rest represents inescapable consequentials stemming in most cases from policy decisions already taken concerning the relationship between individual salary scales.

APPENDIX 2

THE COMPOUND AND BUILDINGS IN LAHORE

Letter to the Clerk to Sub-Committee G from Mr. T. Brockie, Ministry of Works

9th February, 1961.

Dear Limon,

Confirming our telephone conversation the compound and buildings at 4 Race Course Road, Lahore, were allocated to us by the Custodian of Evacuee Property. We hold them without lease or security of tenure at a nominal rent of 1,500 rupees per month which is equivalent to £1,350 per annum.

Yours sincerely,

(Signed) T. BROCKIE.

APPENDIX 3

WAR OFFICE STORES AND SUPPLIES HANDED OVER TO THE
GOVERNMENT OF THE FEDERATION OF NIGERIA*Further Memorandum submitted on behalf of the Secretary of State for the Colonies*

1. In April, 1958 control of the Nigerian Military Forces was handed over by the War Office to the Government of the Federation of Nigeria. In correspondence prior to the handover it was explained that the Federal Government would be asked to pay the War Office for the cost of certain stores and supplies handed over on 1st April, 1958 and of any further stores subsequently provided by the War Office in the period until the Federal Government had been able to make their own arrangements for procurement. Nigeria agreed with the War Office that they were prepared in principle to pay for what they took over. It was hinted however that acceptance of liability to pay the War Office was a different matter from asking the United Kingdom for assistance to meet that liability and that there was some doubt about Nigeria's ability to pay.

2. The value of the stores which Nigeria required was estimated to be about £1m. Most of the items were provided from W.D. stocks in Nigeria, but certain stores had to be provided from the U.K. and in fact did not arrive till well after the date of handover. Because of the considerable labour involved in collating the details and pricing of what proved to be an extensive range of items, the final bill for these stocks was not finalised by the War Office until January, 1960. It was then necessary to ask the War Office to provide more detailed information in support of their claim which was passed to the Federal Government in May, 1960.

3. In the latter part of September, 1960 a reply was received from the Federal Government setting out certain considerations which it appeared to them should be taken into account when considering the settlement of the claim and enquiring whether in the light of these considerations the War Office wished to pursue the matter. The considerations advanced by the Federal Government were as follows:—

- “(a) Nigeria's pre-war Forces were handed over to the United Kingdom Government *free of cost* in 1940 at a time when the value of the pound was much greater than when the buffer stocks were handed over in 1958. These Forces subsequently made a great contribution to the Allied war effort, particularly in East Africa and Burma.
- (b) During the nine years immediately prior to the resumption by Nigeria of full responsibility for her Military Forces on 1st April, 1958, Nigeria made very substantial contributions indeed to the United Kingdom Government towards the cost of maintaining those Forces. The amounts involved were of the greatest significance in relation to the Federal Government's total budget. Moreover, a proportion of these contributions must of necessity have been expended on the provision of the very stores for which Nigeria is now being asked to pay in full, and at a price which appears to include full loading for freight and War Office overhead expenses.
- (c) The Resumption by Nigeria of full financial responsibility for her Military Forces on 1st April, 1958 imposed a severe strain on the Federal Government's budget—a fact which was recognised by the generous contribution by the United Kingdom Government of £500,000 in each of the years 1958–59 and 1959–60 towards the cost of maintaining the Forces.
- (d) All the available resources of the Federal Government are already more than fully committed to finance the various development projects involved in the Economic Programme. This was clearly brought out in the detailed negotiations in London which led up to the generous undertaking by the United Kingdom Government to make available an Exchequer Loan of £3 million and a Commonwealth Assistance Loan of £12 million. The very terms attaching to these loans indicate the strains currently being imposed on the Federal Government's slender resources. Any payment in settlement of the War Office bill could only be made at the cost of deferring other items of highly desirable capital expenditure in addition to those already deferred due to lack of funds. This would be particularly unfortunate because, apart from the political considerations involved, substantial sums are still required to provide for the modernisation of the Royal Nigerian Military Forces.”

4. It was not possible at that late stage for the matter to be taken any further before Nigeria became independent. It was subsequently referred to Ministers who decided that in the circumstances the appeal by the Federal Government to H.M.G. not to enforce this claim should be acceded to. The decision to waive the debt was announced in the House of Commons on the 20th December, 1960 by the Secretary of State for Commonwealth Relations in a Reply to a Parliamentary Question in which he gave details of this and other financial and technical help to Nigeria.

5. Although the matter had been dealt with by the Colonial Office until a late stage, the decision to waive the claim for repayment of the cost of the stores was taken after Nigeria became independent and it was therefore considered appropriate that responsibility for obtaining Parliamentary approval for the necessary funds to reimburse the War Office should be taken by the Commonwealth Relations Office.

APPENDIX 4

GRANT-IN-AID FOR THE HIGH COMMISSION TERRITORIES

*Further Memorandum submitted on behalf of the Secretary of State
for Commonwealth Relations*

1. All three High Commission Territories have been in budgetary deficit during recent years. This is due partly to a general increase in costs but primarily to the fact that these under-developed regions, faced with certain severe natural handicaps such as difficulties of water supplies in the Bechuanaland Protectorate, are unable at present to raise from their own resources sufficient to match the cost of such improvements in, e.g. education and medical services as are essential in the conditions of Africa today.

2. At first these deficits were met in each case by drawing on the accumulated revenue balance of the Territory. When these became exhausted, deficits had to be met by grants-in-aid voted by Parliament.

3. The attached table shows the gap between revenue and approved expenditure for each Territory for each year since 1956, the year in which the general revenue balance of the Bechuanaland Protectorate was exhausted and that Territory therefore first received grant-in-aid.

4. In the case of Basutoland the general revenue balance was exhausted in 1959-60. The grant-in-aid for that year was therefore required only to cover the difference between the revenue balance at the beginning of that year and the deficit for the year as a whole. In 1960-61, however, the grant-in-aid had to cover the whole deficit. It is for this reason that, as pointed out in the Committee, the second grant-in-aid was roughly three times the figure for the previous year. In Swaziland the general revenue balance is expected to disappear during 1961-62, so the grant-in-aid for which Parliamentary approval will be sought will not be as large as the approved deficit for that year. The figures are £360,000 for grant-in-aid and £459,908 approved deficit.

5. It is most unusual for a figure for grant-in-aid for one of the High Commission Territories to be fixed before the Territory's estimates have been considered in detail in London. As explained to the Committee, there were exceptional circumstances in the opening months of 1960 which made this unavoidable. Steps have since been taken to revise the procedure, and particularly the time-table, for the presentation of the Territorial estimates so as to avoid any difficulty of this kind in future years.

Commonwealth Relations Office,

10th February, 1961.

ANNEX

HIGH COMMISSION TERRITORIES—FINANCIAL POSITION

| | <i>Year</i> | | | | | | <i>Revenue</i> | <i>Expenditure</i> |
|-------------------|-------------|-----|-----|-----|-----|-----------|----------------|--------------------|
| | | | | | | | | |
| | | | | | | £ | £ | |
| B.P. | | | | | | | | |
| 1956-57 | ... | ... | ... | ... | ... | 950,000 | 1,397,000 | |
| 1957-58 | ... | ... | ... | ... | ... | 1,004,000 | 1,625,000 | |
| 1958-59 | ... | ... | ... | ... | ... | 1,103,000 | 1,694,000 | |
| 1959-60 | ... | ... | ... | ... | ... | 1,241,000 | 1,891,000 | |
| 1960-61 | ... | ... | ... | ... | ... | 1,334,000 | 2,291,000 | |
| BASUTOLAND | | | | | | | | |
| 1956-57 | ... | ... | ... | ... | ... | 1,417,000 | 1,450,000 | |
| 1957-58 | ... | ... | ... | ... | ... | 1,507,000 | 1,602,000 | |
| 1958-59 | ... | ... | ... | ... | ... | 1,638,000 | 1,821,000 | |
| 1959-60 | ... | ... | ... | ... | ... | 1,728,000 | 2,195,000 | |
| 1960-61 | ... | ... | ... | ... | ... | 1,866,000 | 2,394,000 | |
| SWAZILAND | | | | | | | | |
| 1956-57 | ... | ... | ... | ... | ... | 1,152,000 | 1,067,000 | |
| 1957-58 | ... | ... | ... | ... | ... | 1,212,000 | 1,223,000 | |
| 1958-59 | ... | ... | ... | ... | ... | 1,241,000 | 1,365,000 | |
| 1959-60 | ... | ... | ... | ... | ... | 1,449,000 | 1,613,000 | |
| 1960-61 | ... | ... | ... | ... | ... | 1,493,000 | 1,804,000 | |

Note: For technical reasons the difference between revenue and expenditure does not coincide precisely with the amount of issues of grant-in-aid.

APPENDIX 5

CIVIL SUPPLEMENTARY ESTIMATE CLASS V, VOTE 12
(EXCHEQUER GRANTS TO LOCAL AUTHORITIES (SCOTLAND))

Note submitted on behalf of the Secretary of State for Scotland

Previously the information received from local authorities has been posted on to working sheets and checked by reading back. Last year an error was made in the posting of data from one authority involving the transposition of two figures in one item, and this was not picked up in the reading back. We have now introduced a further safeguard in that all entries on the local authorities' returns will be put on to list-adding machines and separately totalled. Each total will then be checked against the corresponding figures on the working sheets. If they tally this should confirm that the entries have been correctly made on the working sheets. If there is any discrepancy all the entries would be re-checked. We hope that this will prevent the recurrence of any such error as that which happened last year.

