



CABINET OFFICE

ecno

From the Minister of State

Lord Gowrie

The Rt Hon Peter Rees QC MP
 Chief Secretary to the Treasury
 HM Treasury
 Parliament Street
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NBPM AT 3/4

MANAGEMENT AND PERSONNEL OFFICE

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2 April 1984

Dear Peter,

Your minute of 21 March to the Prime Minister sought agreement that this year's public expenditure survey should proceed on the lines you propose.

I am generally content. I am sure it is right to ask for running costs to be separately identified and to subject them to special attention in view of the fact that they are rising above the rate of inflation. But I would have preferred to have seen some clearer indication of what is expected in this area. For example, forward projections of running costs should take account of planned changes in programme expenditure; otherwise the aim should be to contain any increases within the levels of inflation.

Our overall aim on running costs must be to help and encourage departments reduce the cost of administering programmes. As you will know much of my department's service-wide efficiency work is directed at getting better value from this type of spending.

It also seems right that the baseline you have set for expenditure in 1987-88 should leave some room for Ministerial manoeuvre when determining priorities between programmes. This will be an important further step towards getting public expenditure under firm control.

I am copying this letter to the recipients of your minute.

L. Gowrie
2/4

LORD GOWRIE

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