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Chancellor of the Duchy of Lancaster

NDPM

RT

16/4

The Rt Hon Peter Rees QC MP
Chief Secretary to the Treasury
Parliament Street
London SW1

15 April 1985

Dear Peter,

1985 PUBLIC EXPENDITURE SURVEY

Thank you for sending me copies of your two minutes of 3 April 1985 to the Prime Minister about the 1985 Public Expenditure Survey Guidelines and the proposed arrangements for departmental running cost targets.

2. I very much agree with the general framework you suggest. I was particularly pleased to see the increased emphasis in the draft Guidelines on performance indicators and value for money objectives. I also welcome your proposal that running cost targets should ultimately supersede manpower targets instead of supplementing them as at present. This is entirely consistent with the work we have all been doing over the last three years to improve financial management in government.

3. Although I understand the difficulties, however, I am somewhat concerned at the delay in finalising the Guidelines for this year's Survey. It means a very tight timetable, especially for small departments - and the difficulties of that are compounded by the new requirements that are being introduced this year.

4. One of these presents special difficulty. The new requirement that targets should be set for the disposal of surplus land and buildings potentially affects more than 20 NDPBs that are sponsored by the OAL. The review will involve considerable work, not only in the OAL but also in the PSA and in the NDPBs themselves, even though the eventual answer may be that there is little or no surplus for disposal. Would it not be better to concentrate the PES

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Report on the essentials, in order to adhere to the timetable up to July 1985, while leaving the rest until later? Otherwise there is a serious risk of slippage.

5. I am copying this letter to the Prime Minister, other Cabinet colleagues, Sir Robin Ibbs and Sir Robert Armstrong.

Yours,

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Econ 101 Pt 31

Public Expenditure



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