



From the Minister

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

CONFIDENTIAL

CHIEF SECRETARY

WSPM

PUBLIC EXPENDITURE SURVEY AND RUNNING COSTS TARGETS

You copied to me your two minutes to the Prime Minister of 3 April on the above subjects.

I can agree to your proposals for the 1985 Survey. I also support the general approach to future control of running costs which you have put forward, but there are some points about the way these arrangements are implemented to which I would like to draw your attention.

I appreciate the reasons for your proposal to set running cost targets generally on a gross basis. As you know, carrying through the decisions which we took in last year's Survey about ADAS and R & D will mean that receipts from the private sector are going to assume very much greater importance in my department's future expenditure programmes. There will be some difficult issues arising in handling this area and a helpful attitude by the Treasury will be essential to a successful implementation of our policy decisions.

We have recently corresponded about redundancy costs which may arise in due course in my department from implementing our 1984 PES decisions. When such costs have been identified it will be necessary to take them into account in setting running cost targets. And more generally you will I am sure accept that if classification changes are introduced which lead to significant increases in measured departmental running costs (PRS is a major example) these will have to be reflected in setting running cost targets.

Finally, you point out that under the approach you are proposing for the control of running costs no new manpower targets for 1 April 1989 would be set in the 1985 Survey. Given this I trust that the indicative planning total for 1 April 1989 which is proposed in the Survey ground rules will not be treated as a control total.

/I am copying ...

I am copying this minute to the Prime Minister and other members of the Cabinet, Sir Robin Ibbs and Sir Robert Armstrong.

A handwritten signature in dark ink, consisting of the letters 'M J' followed by a large, stylized flourish that loops back under the initials.

M J
15 April 1985