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NDPM

AT 16/4

SECRETARY OF STATE FOR ENERGY

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The Rt Hon Peter Rees QC MP  
Chief Secretary to the Treasury  
Treasury Chambers  
Parliament Street  
London  
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16 April 1985

RUNNING COST TARGETS

I support the main proposal in your minute of 3 April to the Prime Minister to set running cost targets on the basis of a small annual "productivity" gain, which would supersede the control on manpower. This seems to me more efficient, for the reasons you give, and also more in line with cost reduction in the private sector - provided that we do not convert the targets into an arbitrary cuts exercise by making unrealistic assumptions in them about inflation.

I hope that improved energy efficiency in departments, on the lines I suggested in my minute of 1 April to the Prime Minister, can make a useful contribution to achieving these targets.

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

PETER WALKER

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Public Exp.

*[Faint red stamp, illegible]*

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