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Serial No: 1734

Copy No 17 of 25.

The Rt Hon John MacGregor OBE MP
Chief Secretary to the Treasury
HM Treasury
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14 February 1987

Don John

NBM.

HANDLING OF THE 1987 PUBLIC EXPENDITURE SURVEY

FILE WITH DM

Thank you for sending me a copy of your minute of 12 February to the Prime Minister about the handling of the 1987 Public Expenditure Survey.

I am content with what you propose. However, while I agree that we should dispense with the Survey Report, I do attach great importance to what it was designed to achieve. At bilateral time it is impossible to have sensible discussions about the need for additional resources unless there is a basis of agreement on what can be achieved with existing ones. It is, therefore, essential that we replace the report with more effective if less formal arrangements.

I also welcome your proposal not to set new aggregate targets for manpower after April 1986. This recognises that budgeting is now effectively cash rather than manpower driven. But I would hope that in time even the residual manpower controls proposed in paragraph 14 of your minute can be dispensed with. This would allow departments to concentrate on making the best use of available resources, within running costs and other controls, such as unit costs for fee earning businesses.

I am sending copies of this letter to the Prime Minister, other members of the Cabinet, the Minister of State (Privy Council Office) and to Sir Robert Armstrong.

John Moore

JOHN MOORE

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