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Secretary of State for Trade and Industry

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17 February 1987

The Rt Hon John MacGregor OBE MP
Chief Secretary to the Treasury
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NBRN.

John John

HANDLING OF THE 1987 PUBLIC EXPENDITURE SURVEY

I am generally ^{ATTACHED} content with your proposals set out in your minute of 12 February to the Prime Minister for the handling of the 1987 PES survey. It would however be welcome if you followed last year's practice in circulating a summary of baselines and bids by each Department before the bilaterals. I agree that the time is now right to place greater reliance on running cost controls instead of aggregate manpower limits. The National Audit Office report on the FMI (No.588) was encouraging on progress made so far.

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

PAUL CHANNON

JF5BRV