

CONFIDENTIAL



Prime Minister

To note.

BHP

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Treasury Chambers, Parliament Street SW1P 3AG

The Rt Hon Peter Lilley MP  
Secretary of State for Trade and Industry  
Department of Trade and Industry  
1 - 19 Victoria Street  
London  
SW1H 0ET

27 September 1990

Dear Peter

MT

1990 PUBLIC EXPENDITURE SURVEY: DTI

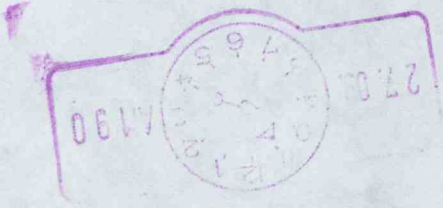
WITH BP? / WILL REQUEST IF REQUIRED

We had a word after our meeting yesterday about your letter of 24 September. I am most grateful to you for your assistance in this particularly difficult Survey, and I am happy to confirm my agreement to the changes in your baseline of £-2,+40,-48 million. We agreed also on the need for a tight running costs position, and I made the general point that we will be criticised for any running costs settlements which are not in single figures in percentage terms. I would be glad to know what you have in mind on this point: no doubt our officials can discuss this in the normal way. I would be grateful for details of how you propose to allocate the bottom line settlement to your individual programmes, and you kindly agreed to provide this by about the third week in October, so that we can compile the necessary aggregate figures for the Autumn Statement.

2. I was in correspondence with both Nicholas Ridley and you over the summer about a number of policy reviews which you have been pursuing, and we have not of course discussed these issues in detail in this year's PES exchanges. We may need to return to these matters at a future date.

3. I am copying this letter to the Prime Minister.

*Norman Lamont*  
NORMAN LAMONT



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