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MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON S.W.1



From the Minister

The Rt Hon Leon Brittan QC MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
London
SW1P 3HE

30 March 1982

Dear Chief Secretary

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PUBLIC EXPENDITURE SURVEY 1982

May I refer to your minute to the Prime Minister setting out proposed guidelines for the 1982 Public Expenditure Survey. My only comment concerns your proposal that Departments should be required to identify arbitrary percentage reductions of their baselines.

Every Department, as part of its normal resource planning, should scrutinise its programmes to identify both where new requirements may arise and where there may be scope for savings. This is a necessary part of effective forward planning which we are already carrying out within my Department in preparation for this year's Survey exercise. It is the approach recommended by the consultants who recently reviewed my Department's financial management systems.

To require that all Departments, over and above an assessment of their additional requirements and the scope for savings, report how quite arbitrary percentage reductions on their baselines could be achieved and what would be the consequences will, in my view, contribute neither to the internal reviews of Departments nor to the subsequent Ministerial discussion. It could only cast

/doubt on the ...

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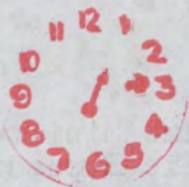
doubt on the outcome of last year's public expenditure review when every conceivable expenditure cut over the survey period was rigorously examined; and if it became publicly known it would give a false and demoralising impression of the Government's intentions and of our assessment of the economic situation. I hope you could agree therefore that this requirement should be dropped from the ground rules.

✓ I am copying this to Cabinet colleagues and to Sir Robert Armstrong.

Yours sincerely

Robert Liana

30 MAR 1982



PETER WALKER

(Approved by the Minister
and signed in his absence)