

for information (WEEKEND)



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PRIME MINISTER

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Michael Heseltine copied to me his minute to you of 2 April about his plans for rationalisation of the Government estate.

2. It is clearly desirable that, where there are highly cost-effective schemes of the kind mentioned, they should be carried out. So far as my own Departments are concerned, it is evident from the discussions which have taken place at official level that considerable short-term savings can be achieved. I, therefore, welcome the Secretary of State's initiative.

3. I understand however that additional provision may be necessary as an initial investment to start the programme going. I need hardly mention the difficulties of the expenditure situation. If these general office rationalisation schemes have been squeezed out of the programme, it is because PSA have had to find the resources for urgent operational requirements of Government Departments.

4. Treasury Ministers will, of course, consider any bids PSA put forward for additional provision in the context of the next public expenditure survey round. There can, however, be no assurance that it will be possible to add to the PSA programme.

5. Treasury officials are discussing with PSA the possibility of providing for the rationalisation schemes from within the existing net programme, for example by a more energetic policy of disposals.



6. I shall be taking a personal interest in the proposals as they affect my own Departments, and I trust that satisfactory arrangements can be agreed for the funding of the rationalisation programme, so that savings can be achieved as soon as possible.

7. I am sending copies of this minute to those who received the earlier minute from Michael Heseltine.

(G.H)

7 May 1981