



JH
cc: All Cabinet Members
Chief Whip's Office
(Commons & Lords)
Lord Advocates Office
Law Officers Dept.
Cabinet Office
Sir Derek Rayner's Office

CF to Lee

10 DOWNING STREET

From the Private Secretary

1 June 1981

Dear David

The Prime Minister was grateful for Mr. Heseltine's minute of 26 May setting out proposals for putting PSA's services to the civil estate onto a repayment basis. She has also seen Sir Derek Rayner's minute of 28 May.

She is content for the PSA to be authorised to move to the trial run next year. She agrees with Sir Derek Rayner that the issues raised by Ministers need not hold up the next steps, but should be considered in tandem with the move to repayment.

She notes Mr. Heseltine's suggestion that the outcome of the trial run should be reviewed. She considers, however, that the review should concentrate on getting the mechanics of the system broadly right, and that it should not re-open questions of principle. She hopes that it will be possible to complete the review in good time so as not to delay the incorporation of the accommodation charge in Votes in 1983/84. She agrees with Sir Derek Rayner that in this context it may be necessary to accept some rough edges at first. She has noted Sir Derek Rayner's words of caution about going too far and too soon down the road of "untying". She has commented in this context that she shares the view of some Ministers that the PSA may not always be the cheapest source for some local services.

I am copying this letter to the Private Secretaries to Ministers in charge of Departments, and to the offices of Sir Robert Armstrong and Sir Derek Rayner.

*Yours
Winnie Rickett*

D.A. Edmonds, Esq.,
Department of the Environment.

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