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FCS/82/57

CHIEF SECRETARY OF THE TREASURY

1982 Public Expenditure Survey

with Mos.

1. I agree that, as proposed in your recent minute to the Prime Minister, this year's Survey should be got under way and that we should aim for the time-table annexed to your minute. I wish, however, to make the following points of detail.

Options for Reductions

2. With the recollection of last year's Survey still in my mind, I am not happy with the proposition that once again Departments should cost and set out options for reductions, ranging this time from 2% to 4% of their planned expenditure. I view with dismay the prospect of a repeat of last year's exhaustive exercise, and wonder whether we really need to go through it all again? If options are considered necessary, there must be no ambiguity about their purpose. I shall put them forward entirely on an illustrative basis and without commitment. It must not be assumed that I agree to their application to any degree. I made clear last year in the context of MISC 62, and other discussions, that to close any more Diplomatic Service posts abroad would entail damage to our interests out of all proportion to the savings to be expected. You will be aware of the situation of the Aid programme from our discussions with the Prime Minister last week on India.

Manpower

3. Both wings of the FCO are on target for the agreed manpower reductions up to 1 April 1984. Further reductions could only be achieved by cutting more overseas posts or by reducing our foreign policy activities, including Aid Administration, to an unacceptable level.

Repayment for Government Accommodation

4. My officials who have been taking part in the discussions with Treasury and PSA about the introduction of the new arrangements for Departments to bear the cost of accommodation



and services at home, are concerned about the mechanics so far proposed and, in particular, about the adequacy of the sums to be distributed to Departmental programmes. I hope that the individual requirements of Departments will be taken fully into account when the cake is sliced.

Cabinet Discussion

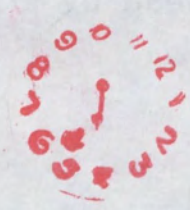
5. As far as my expenditure programmes are concerned, I see no need for Cabinet consideration at this stage. I note there will be further opportunities for Ministerial discussions as the Survey progresses.

6. I am sending a copy of this minute to the Prime Minister.

C

(CARRINGTON)

Foreign and Commonwealth Office
30 March 1982



31 MAR 1982

