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Prime Minister
To note that this
is now being finalized.

Daw
(6/12)

Treasury Chambers, Parliament Street, SW1P 3AG
David Norgrove Esq
Private Secretary
10 Downing Street
London
SW1

16 December 1985

Dear David

1986 PUBLIC EXPENDITURE WHITE PAPER

The Autumn Statement gave the summary results of the 1985 Public Expenditure Survey. The next stage in the annual cycle is the publication of the 1986 Public Expenditure White Paper.

This year the White Paper was published on 22 January. For 1986, publication is envisaged during the week beginning 13 January; I will be writing later about the detailed publication arrangements.

The White Paper will be published in the same format as in recent years, with a summary Volume I and a more detailed Volume II. Further improvements and extensions of the material are being incorporated. The summary Volume I will include improved graphics and much greater emphasis on output, performance and value for money than in previous years.

There have already been extensive official discussions between departments on the content of the White Paper. I now enclose the draft in the form in which it is being printed for the final proof stage (I am sorry that the timetable means I have to circulate Parts III - VII in the form of marked up proofs which are inevitably bulky. In most cases, however those departments immediately concerned will already be familiar with the material relevant to them).

not attached

A final check will need to be made of all the detailed figures following completion of the exercise to establish the new database. Some of the tables in Parts 2 and 3 in particular do not yet fully reflect the agreed figures and the charts need to be finalised. The key aggregates will, however, remain as in the Autumn Statement. The estimated planning total outturn for 1985-86 remains in line with the Autumn Statement figure of £134.2 billion, now incorporating a small allowance for shortfall. The planning totals for the forward years are £139.1 billion, £143.9 billion and £148.7 billion.

This arises from the greater detail shown in the PEWP - it's not a substantive change.

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During the Survey the question was raised whether it was appropriate to publish information on the implied real terms implications of the cash plans. Since the introduction of cash planning, the main emphasis has always been placed on the cash figures, reflecting the way in which the plans are drawn up. It has, however, become customary not only to provide assumptions of the expected rate of inflation but also to show the resulting calculations for the implied real terms figures. The Treasury and Civil Service Committee have pressed the government to go much further and provide much more information in real terms, but this has been resisted. The Chief Secretary has, however, concluded that it would not be sensible to cease publishing all the real terms figures. If they are not shown in the White Paper, the TCSC and others interested will do the calculations themselves, and at the end of the day at least as much attention will be focused on the results, and probably even more because it will be thought the government is trying to hide something. The Chief Secretary does, however, intend that the layout of Part I of the White Paper will emphasise more strongly than before that primary attention should be paid to the cash figures.

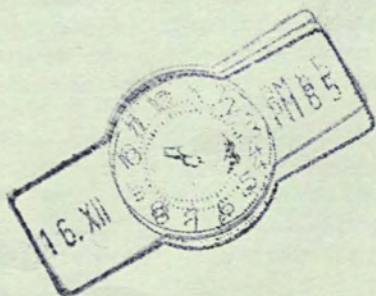
To meet the publication timetable, it will be necessary to finalise the White Paper before the Christmas break. The Chief Secretary would therefore be grateful for any final comments by midday on Friday 20 December at the latest.

I am copying this letter to the Private Secretaries to members of Cabinet, Paul Thomas (Office of Arts and Libraries), Mr Steel (Attorney General's Office), Murdo Maclean (Chief Whip's Office) and to Sir Robert Armstrong.

Yours ever
Richard

R J BROADBENT
Private Secretary

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