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LONDON SW1P 3EB

My ref: H/PSO/16517/82

Your ref:

Sample
30 SEP 82



PSA ACCOMMODATION COSTS

Thank you for your letter of 21 September.

I agreed, as you say, to a 2% cut on the capital programme to be retained by PSA. I did not however agree to cut the sums which are to be transferred to Departments to pay for goods and services directly, and to enable them to meet the accommodation charge under PRS. I said, and I understood you to agree, that in accordance with the philosophy of the PRS system it must now be for you to pursue your suggestion of an overall cut on these items with our colleagues concerned and I do not think I can be expected to reduce the figures being transferred to Departments unilaterally.

Under the agreed timetable for getting PRS going by April next year, PSA are on the point of notifying Departments of the sums to be transferred if no cuts are imposed. To avoid delay these letters must issue but they will now indicate at the same time what the effects of an overall 2% cut on PSA's base line would be and explain the assumptions on which this is founded. This will enable colleagues to form a corporate view on the merit of making such a reduction and the final figures actually transferred will depend on the decisions taken when you have their reactions.

Govan
over
Michael

MICHAEL HESELTINE

Treasurer

The Rt Hon Leon Brittan QC MP

CIVIL SERVICE
L-T Management
Pt II