

ABG



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My ref:

Your ref:

MSA

7 May 1986

In Tm.

BUDGETING IN GOVERNMENT DEPARTMENTS

I support the broad thrust of the four principles set out in your minute of 20 March to the Prime Minister. But, as you know, my Department has already gone a long way towards developing the sort of systems envisaged in the Wilson Report. For that reason I share the Prime Minister's view that it must now be a matter of developing existing budgeting systems so as to maximise their potential. I am glad that it has also been recognised that the action needed will differ from Department to Department. In particular, and as Keith Joseph notes in his letter of 10 April, Departments with a high ratio of programme expenditure to administrative expenditure will need to tailor their systems and timetables to the particular characteristics of their programmes.

/ I am sending a copy of this letter to the Prime Minister, and Cabinet colleagues, other Ministers in charge of Departments, Sir Robert Armstrong and Sir Robin Ibbs.

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KENNETH BAKER

CIVIL SERVICE: long term Management: Pt 18

