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Secretary of State

**RECEIVED BY**  
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**PRIVATE OFFICE**

Northern Ireland Office  
Stormont Castle  
Belfast BT4 3ST

The Rt Hon Peter Rees QC MP  
Chief Secretary to the Treasury  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

28 March 1984

*Handwritten signature*

PUBLIC EXPENDITURE SURVEY

I am grateful for the opportunity to comment on the draft Guidelines for this year's Survey and the revised arrangements for the Reserve, as circulated under cover of your memorandum of 21 March to the Prime Minister.

So far as the Guidelines are concerned, I am broadly content with what is proposed. The references to the application of comparability to the territorial programmes are, however, less explicit than they might be and my agreement to them is on the understanding that the application of the established formula arrangements will settle the basic Survey outcome for the territorials, any departure from which would have to be the subject of bilateral discussions with the Secretary of State concerned. I particularly welcome the improved arrangements for notifying the relevant Treasury expenditure division of changes with territorial consequences.

Turning to the proposals for the Reserve, I am content with the general principles. So far as Northern Ireland is concerned, however, there is a major potential difficulty in relation to our Social Security programme. This (which forms part of the block in Northern Ireland unlike Scotland and Wales) accounts for almost 30% of all Northern Ireland expenditure and I am sure that you will understand why it would be quite impossible for me to provide cover from elsewhere in my block for the very considerable forecasting uncertainties which beset demand-determined programmes of this nature. I should therefore welcome an assurance

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that you do not have it in mind to treat my Social Security programme any more restrictively than its Great Britain counterpart and produce a disproportionate effect on the Northern Ireland block.

*Yours  
Truly*

CC

PS/SOS (B&L)  
PS/Ministers (B&L)  
PS/PUS (B&L)  
PS/Sir Ewart Bell  
Mr Brennan  
Dr Quigley  
Mr Burns  
Mr Norris  
Mr Murray  
Mr Small  
Mr Bickham



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