

Con Pst: Public Exp. A27' CCND



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NBPM
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CONFIDENTIAL

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

3 April 1984

Dear Peter,

SCOTTISH BLOCK

Thank you for your letter of 6 March outlining your suggestion that public expenditure on my programme is higher per head than that on equivalent English programmes and proposing a way of changing the way my public expenditure total is determined.

I was surprised at the figure you quote in your letter for the extent to which my public expenditure provision exceeds your assessment of Scottish needs; and if it is decided to take the study further, I would want my officials to have an opportunity to see and comment on the detailed calculations which your officials have made.

However, before we get to that stage, I think it would be helpful as you suggest, for us to meet to go over the broader questions - especially those relating to the political consequences of any decision to change the way my public expenditure total is determined. I would wish to be accompanied by one or two officials at most. Perhaps my Private Secretary and yours could get in touch to arrange such a meeting.

I am sending the Prime Minister a copy of this letter.

Yours wes,

George

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