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*Speakers*  
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ANNEX A

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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon George Younger MP  
Secretary of State for Scotland  
Dover House  
Whitehall  
SW1

12th October 1984

*Dear Secretary of State*

**TERRITORIAL BLOCKS: NEEDS ASSESSMENT**

At our PES bilateral we agreed to meet soon to settle terms of reference for the in-depth study of territorial needs assessment which I have proposed.

2. The attached draft terms of reference have now been prepared jointly by our officials, in concert also with Northern Ireland and Welsh Office officials. If you would like to have a word about them, I should like to try to do so over the next day or two, Perhaps you could let me know how you would like to proceed.

3. You are, I know, anxious to discuss also the nature of the collective decision that has to be taken, bearing in mind that the exercise will bring in Whitehall departments, as well as territorial departments and the Treasury. I entirely accept that this, and indeed the handling of the exercise throughout, are highly sensitive matters which will need careful thought - but I hope too that we can find a way to expedite the decision process.

4. I am sending copies of this letter to Douglas Hurd and Nick Edwards.

*Yours sincerely*

*Richard Broadbent*

for PETER REES

[Approved by the Chief Secretary]

DRAFT TERMS OF REFERENCE

"To the extent feasible, to devise and apply a methodology for the assessment of needs and standards of public services within the three territorial blocks, as presently defined for public expenditure purposes, and the comparable English programmes: account is to be taken of existing published and unpublished work - including the 1979 Needs Assessment Study - and of the implications of established practices and structures in each of the four countries, and any other factors special to each country. For any programmes now within a territorial block but not covered in the original study, with the exception of the social security programme in the Northern Ireland block, new methodology should be devised. Conclusions should be embodied in a report to be submitted by 15 June 1985: whether or not the upshot is a serviceable methodology, can be considered at the time."