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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Michael Jopling, MP
Minister of Agriculture,
Fisheries and Food
Whitehall Place
SW1A 2HH

12 October 1984

Dear Minister

REPORT ON AGRICULTURAL DEVELOPMENT AND ADVISORY SERVICES

Thank you for your letter of 9 October enclosing a copy of Professor Bell's report. I thought you would like to know my reactions both on substance and on procedure. *will request, if required*

On substance the report is, if I may say so, a major contribution to the development of policy towards ADAS. I would not endorse all of the assumptions the report makes about the Government's role vis-a-vis the agricultural industry or the justifications for continuing national agricultural support; but Professor Bell has recognised fully that ADAS's work must take proper account of the Government's general economic policies and of constraints upon public expenditure. This is particularly evident in the report's comments about charging for services provided (the full force of these comments is perhaps not brought out in the conclusions). I cannot but endorse Professor Bell's judgement that it is entirely appropriate that farmers, growers, consultants and whoever else in the industry avail themselves of advisory and promotional services should meet the cost of their provision; and his recommendation that further detailed consideration should be given to the possibility of charging for statutory and regulatory work.

As for procedure, I look forward to receiving the draft statement which you promise. But your letter makes no mention of the fact that the future level of provision for ADAS is an important element in our continuing discussions about public expenditure. As you point out, there remains a great deal of detailed work to be done in order to translate the principles discussed in the report into detailed decisions: I have always accepted that detailed changes in ADAS must be worked out carefully in the light of Professor

Bell's comments, and that it would be unrealistic to plan for any savings in the cost of the service before 1986-87. But you will recall that we have been asked to consider, in this year's Survey, all aspects of agricultural support and to establish in which cases objectives could be achieved at lower cost.

Against that background, I remain convinced that we should, in this year's survey, take credit for substantial savings in the two later years of the Survey period in expenditure on ADAS. My proposal is that we should plan for net reductions of £40 million for each of the two later years - based on Professor Bell's estimate (paragraph 14 of his report) that the full cost of ADAS advice and promotion in 1983-84 was £37.3 million, and on the forecasts which your officials produced earlier this year. Equivalent savings could of course be produced by a somewhat lower recovery rate together with charges for statutory and regulatory work.

I am copying this letter to the Prime Minister, the Lord President and the Secretary of State for Trade and Industry (in view of their involvement in earlier discussions on this subject), to the Secretaries of State for Scotland, Wales and Northern Ireland, and to Sir Robert Armstrong.

Yours sincerely

Richard Broadbent

for PETER REES

[Approved by the Chief Secretary]

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