

CONFIDENTIAL

JD.



10 DOWNING STREET

From the Private Secretary

12 April, 1985.

Dear Richard,

The Prime Minister has seen the Chief Secretary's letter of 3 April about control of running costs. She has agreed that the system of control of running costs should now be extended as proposed by the Chief Secretary, and that running costs targets should be introduced in the 1985 Public Expenditure Survey for each of the survey years. She has further agreed that such targets should be run in parallel with manpower targets up to 1988, but thereafter running costs targets should be substituted for manpower targets. The Prime Minister has also noted that the Chief Secretary is considering whether there are further initiatives to improve financial management which might contribute, amongst other things, to control of running costs.

I am sending copies of this letter to the Private Secretaries to the Members of the Cabinet, to Sir Robin Ibbs, and Sir Robert Armstrong.

Yours ever

A handwritten signature in dark ink, appearing to read 'Timothy Flesher'.

(Timothy Flesher)

Richard Broadbent, Esq.,
HM Treasury.

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A red handwritten mark or scribble in the bottom right corner of the page.