

SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switsfwrdd)
01-270 0538 (Llinell Union)
Oddi wrth Ysgrifennydd Gwladol Cymru



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WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switchboard)
01-270 0538 (Direct Line)
From The Secretary of State for Wales

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The Rt Hon Nicholas Edwards MP

17 February 1987

SECRET

NBPN.

JM

HANDLING OF THE 1987 PUBLIC EXPENDITURE SURVEY

with DAN.

Thank you for sending me a copy of your minute of 12 February to the Prime Minister.

I assume that the established procedures for the handling of my block budget will continue in accordance with the ground rules. The proposed changes in the way in which Departmental Running costs are handled are I think to be welcomed. Having both numbers and costs constrained as at present complicates the exercise a good deal without actually doing very much - certainly in the case of the Welsh Office - to improve the quality of control. The overriding control is that of money and a system which concentrates on it will, I think, be much easier to operate and simpler to present. This last point is of some significance since numerical targets do tend to provide a point around which the dissatisfaction and anxiety of the Trades Union Side - and indeed staff generally - can crystallise in a most unhelpful way. I feel that this is an irritant we can do without and whose removal need not in any way reduce the effectiveness of our control in this important area.

I am copying this letter to Cabinet colleagues, the Minister of State (Privy Council Office) and Sir Robert Armstrong.

✓ *er-*
DAN

The Rt Hon John MacGregor OBE MP
Chief Secretary
to the Treasury