

SECRET



file 11 Santiago

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 February 1987

Dear Jill,

HANDLING OF THE 1987 PUBLIC EXPENDITURE SURVEY

The Prime Minister has seen the Chief Secretary's minute of 12 February setting out his proposals for handling the 1987 Public Expenditure Survey and, subject to the views of colleagues, is content.

The Prime Minister has asked that her colleagues should put forward bids for additional resources only where they are absolutely unavoidable. The strong presumption must continue to be that pressures for extra spending in one area will be met by reordering priorities: the need to maintain firm control of public spending remains as strong as ever.

The Prime Minister agrees that no further overall targets for reductions in Civil Service numbers should be set beyond April 1988. But the running costs regime will need to be operated strictly, as the Chief Secretary says, to ensure that Civil Service numbers do not start to drift up.

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

Yours,

David.

DAVID NORRGROVE

Miss Jill Rutter,
Chief Secretary's Office,
H. M. Treasury

SECRET