026/2765

CONFIDENTIAL

CHIEF SECRETARY TO THE TREASURY

FROM: CHIEF SECRETARY
DATE: 18th March 1987

PRIME MINISTER

GUIDELINES FOR THE 1987 SURVEY

In my minute of 12 February I set out my proposals for the arrangements for the early part of this year's Public Expenditure Survey. Your Private Secretary's letter of 17 February recorded that you were content with the proposals outlined in my minute about the ending of the formal Survey Report, the integration of running costs fully into the rest of the Survey and the absence of formal manpower targets beyond April 1988.

... 2 As foreshadowed in my earlier minute, I now attach draft detailed guidelines for the conduct of the Survey. These follow the same general format as in earlier years, but reflect the further changes in procedure this year. Subject to any comments from colleagues by 26 March, I propose that the guidelines should be formally circulated as a PESC paper by the end of the month.

3 I should draw colleagues' attention in particular to the proposal in 6 of the guidelines that the initial departmental baselines for 1990-91, the new third year of the Survey, should be calculated on the basis of an uplift factor of 2½ per cent. This repeats the figure adopted for the final year in each of the last three Surveys. I should make clear however that this is (as usual) an assumption used for determining the starting point for the Survey, and is not intended to prejudge the final outcome, although I have to say that I believe colleagues should be able to offset the small real reduction implied by improvements in efficiency and productivity. A further advantage with this approach is that it provides a useful extra degree of flexibility in the process of re-assessing priorities across Government and public expenditure as a whole. I shall as usual be making detailed proposals for the planning totals in July.

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4 It is intended that the treatment of running costs will follow the same processes as for the main programme expenditure. I know that you share my view that the running costs regime will need to be operated strictly to ensure that Civil Service numbers (and, by implication, running costs themselves) do not start to drift up. We cannot afford to relax our efforts, and it was with this in mind that I suggested in my earlier minute that I would bring forward proposals on the overall provision for running costs for the Survey years in July at the same time as my proposals for expenditure generally.

5 I am sending copies of this minute to other Cabinet colleagues, Richard Luce and Sir Robert Armstrong.

JM

JOHN MacGREGOR

4278/14

CONFIDENTIAL

DOWNGRADE TO RESTRICTED
AFTER 5 YEARS

PESC(87)3
PESC(WM)(87)4

HER MAJESTY'S TREASURY
PUBLIC EXPENDITURE SURVEY COMMITTEE

Guidelines for the 1987 Survey

Note by the Treasury

Introduction

This paper sets out guidelines for the conduct of the 1987 Survey. The general arrangements are explained in the main sections of the text, with further more detailed guidance in the Annexes.

2. A number of changes were made last year in the procedures for the early stages of the Survey. In his minute of 12 February to the Prime Minister, the Chief Secretary proposed some further changes this year. One result is that a Survey Report will not be prepared and circulated. Details of the proposed changes are discussed in the relevant sections of this paper which follow.

3. The rest of the paper is divided into the following sections and Annexes:

I : Timetable
II : The Survey Report; proposed changes in 1987
III : Ministerial proposals for changes to the baseline
V : Local authorities
VI : Nationalised industries
VII : European Community expenditure
VIII : Contingent Liabilities
IX : Further information

ANNEX A : 1987 Public Expenditure Survey: key dates March-May

ANNEX B : Construction of the baseline

ANNEX C : Outputs, performance targets and value for money.

ANNEX D : Preparation of Ministerial and official letters

ANNEX E : Information on the economic composition and territorial consequences of proposed changes to be baseline

I TIMETABLE

4. A table setting out the key departmental dates is attached at Annex A. Departments are asked to submit running tallies setting up the baseline by Thursday 9 April. The baselines will be set and agreed by Wednesday 13 May, and circulated on Friday 22 May. Information on value for money should be sent to the Treasury by Friday 1 May, and Ministerial and official letters will be due by Friday 22 May. Information on contingent liabilities should reach the Treasury by Thursday 28 May.

II THE SURVEY REPORT; PROPOSED CHANGES IN 1987

5. It is not proposed this year to prepare and circulate a Survey Report. Instead, the information about Survey and running cost baselines will be brought together and circulated to departments as a working document. The remaining information provided last year, about output and performance measures and targets, will be transmitted separately to the Treasury for bilateral discussion (see paragraphs 9 to 11 below and Annex C).

The Baseline

6. Annex B gives detailed information on the construction of the departmental baselines to 1989-90. Departmental baselines for the new year 1990-91, will be calculated by the Treasury by adding 2½ per cent to the cash figures for 1989-90, adjusted as necessary in accordance with the guidance at Annex B. The baseline for gross running costs in 1990-91 will be calculated in the same way. Departments are asked to provide a breakdown of their running cost baseline on form DRC2 by

8 May (see PESC(WM)(87)6), and should also indicate on this form the manpower figure [illegible] 1.4.91 consistent with this running cost provision, having regard to further progress in improving efficiency.

7. The text in the working document circulated on the baselines will be limited to short explanations of any significant differences between the Survey baseline and provision in the White Paper, or any special understandings about the way in which the baselines have been constructed. These texts will be drafted by the Treasury as the running tally exercise progresses and cleared with departments as indicated in the timetable at Annex A.

8. It is also proposed that a number of supporting analyses will also be circulated in May, for example, further elaborations of the main baseline tables and the baselines for the interdepartmental exercises such as the discussion of local authority relevant public spending in E(LA), and more detailed information on capital spending.

III OUTPUT, PERFORMANCE, TARGETS AND VALUE FOR MONEY

9. By the beginning of May, Departments should provide Treasury divisions with a statement of output and performance measures and targets currently available to support their baseline expenditure, and of their plans to improve and extend these in the coming year (see annex C for further details). The information should build on that in the 1987 public expenditure White Paper and in departmental management systems and publications. Further guidance on the nature of this information will be given in PESC(WM)(87)5.

10. The information will be the basis for bilateral discussions between departments and expenditure divisions both on the value for money offered by the baseline programmes and on the development of output and performance measures and targets. Further discussions may be needed at Ministerial level if satisfactory agreement cannot be reached at official level on the choice of measures and targets, or plans for their improvement or if questions arise about a programme's value.

11. These discussions build on the previous Survey arrangements for collecting output and performance information and the regular six-monthly discussions on financial management matters. The other six-monthly discussion will continue to take place, after the Survey decisions, and will cover progress and plans on budgeting, policy evaluation, output and performance measurement and financial management matters generally.

MINISTERIAL PROPOSALS FOR CHANGES TO THE BASELINE

12. Ministers are asked to write to the Chief Secretary to report the outcome of their personal scrutiny of priorities within their programmes, whether or not this has resulted in their wishing to seek net additional resources. If after that scrutiny Ministers propose to seek net additional resources, the Ministerial letter should say why the Minister considers it essential to put forward such proposals and why the upward pressures cannot be accommodated through offsets or improved efficiency. They should also specify what indicators and targets of output and performance would be used to evaluate the use of the extra resources. Whether or not additional resources are being sought, the letter should explain proposals to reallocate existing resources in order to accommodate changing priorities. They should also explain how the outturn of the new proposal should be evaluated. Supporting official letters including more detailed information will also be needed; detailed guidance is at Annex D.

Gross Running costs and manpower

13. The public expenditure White Paper contained provision for gross running costs for 1988-89 and 1989-90 as well as for 1987-88. Where, exceptionally, additional resources are proposed, Ministers should identify these exceptional reasons in their letters and explain why the resource needs cannot be met by a reallocation of existing priorities or efficiency savings. Details of the measures of output and performance relating to each bid and of any offsetting savings or reduced requirements elsewhere within running costs should also be included in the official letters. Each proposed change to the baseline should also be supported by a separate DCR3 form (which must accompany the official letter); guidance on the information required is contained in PESC(WM)(87)6. The official letters should also indicate changes (with explanations) to the manpower plans, including any stemming from running costs proposals.

Economic composition and territorial implications of proposed changes to baseline

14. Annex E gives details of the information the Treasury needs to collect about proposed changes to be baseline, and how it should be prepared. This information should be forwarded, on a copy of the form attached to Annex E, with the official letter sent to the Treasury. Departments are asked to keep the territorial departments informed of possible changes affecting the territorial blocks throughout the 1987 Survey by copying relevant Ministerial and official correspondence to the respective Secretaries of State. ST3 division in the Treasury will advise

in any case of doubt - Max Sharratt (270-5057) on Northern Ireland or Tony Davis (270-5064) on Scotland and Wales.

Economic assumptions

15. Where they are needed, revisions to specific economic assumptions will be issued to the Departments concerned.

Options for reductions

16. In areas where the Treasury believes that there are or ought to be options which could be used to offset requests for additional resources or to produce savings and these have not been identified by departments, departments will be asked for costings of these options. In some cases it may be more appropriate for departments to set out how they could achieve a given level of savings in an area of spending. In either case departments should, as in previous years, provide the Treasury with the necessary information.

V LOCAL AUTHORITIES

17. Local authority relevant public expenditure will, as in previous years, be considered separately in E(LA). It will therefore only be necessary for proposals for adjustments to programmes which will not be covered by discussions in E(LA) to be included in the Ministerial and official letters. (See Annex D.) Provision and allocations for local authority capital expenditure will be matters for consideration in the Survey. The Treasury will be discussing arrangements for handling these issues with the departments concerned.

VI NATIONALISED INDUSTRIES

18. The external finance of the nationalised industries, and related expenditure as agreed by the Treasury and sponsor Departments (including redundancy provision), will be separately considered in the Investment and Financing Review. Arrangements for this are being notified to sponsor departments. The arrangements for reporting on contingent liabilities for nationalised industries are covered in paragraph 21 below.

VII EUROPEAN COMMUNITY EXPENDITURE

19. PESC(EC) will continue to consider spending allocated to programme 2.7, as last year. Under the arrangements agreed last year for the operation of EURO-PES,

Departments seeking negotiating authority to agree levels of Community R&D expenditure which would go beyond the EURO-PES baseline and could not be covered by tranfers within EURO-PES are expected to write to the Treasury identifying the offsetting domestic savings which could be made. In the case of Ministers seeking net additional provision, information should be included in the letters referred to in paragraph 12 above.

20. Departments are in any case asked to provide EC Division in the Treasury with information about their latest forecast outturn for EC receipts for 1986-87 and their estimates for 1987-88 by 1 April. This information should be consistent with the figures contained in the 1987 Estimates, but on the basis of receipts by subprogramme within programme 2.7.

VIII CONTINGENT LIABILITIES

21. Departments are reminded of the Prime Minister's minute of 23 May 1986 requesting Ministers to take a personal interest in an annual review of their departments' contingent liabilities. The results of the first of these reviews, carried out last year, have already been reported to the Treasury.

22. This year's exercise should be carried out concurrently with the initial stages of the Survey. Except where the Treasury has requested changes, the review and subsequent report to the Treasury on the outcome should follow the same general form as last year. For consistency, the amounts reported in the review should be the contingent liabilities of departments and the bodies they sponsor as at 31 March 1987, but attention should be drawn to any significant changes since 31 March, and to the reasons for any variations from figures previously reported to the Treasury or to Parliament.

23. In other respects, departments should be guided by PESC(86)13 and any supplementary guidance received from Treasury Expenditure Divisions. As a result of the decision to discontinue the Survey Report the paragraph envisaged in paragraph 7 of PESC(86)13 wil however not be required.

24. When Ministers in charge of Departments have approved the reports on contingent liabilties, they should be transmitted to the relevant Treasury Expenditure Division, by Thursday 28 May. This timing is intended to allow the Treasury time to follow up action with departments as necessary, and to take account of the results in their consideration of proposals for survey provision.

IX FURTHER INFORMATION

25. The PESC(WM) papers listed below are also relevant:

PESC(WM)(87)3 - 1987 Survey Baseline: Submission of Running tallies.

PESC(WM)(87)5 - Information on output, performance and value for money in the 1987 Survey.

PESC(WM)(87)6 - 1987 Survey: Running Costs Information.

PESC(WM)(LA)(87)1 - 1987 Survey Baseline: Submission of Local Authority Running tallies.

General questions arising from this paper should be addressed to the secretaries, Ros Dunn (270-5522) or Moira Wallace (270-5523). Questions on departmental running costs should be addressed to Mike Hoare (270-4996) or Paul Harris (270-4997), on manpower to Ron Carpenter (270 4865), on contingent liabilities to David Shore (270-5361), and on EC expenditure to John Addison (270-4425).

MRS R M DUNN
MISS M P WALLACE

1987 PUBLIC EXPENDITURE SURVEY: KEY DATES MARCH-MAY

MARCH Thursday 12 March Last date for departments to comment on formats of main departmental tables.

Thursday 19 March PESC(WM) paper seeking running tallies to amend PES database issued.

APRIL Thursday 9 April Last date for departments to submit running tallies to amend PES database for years up to 1989-90.

MAY Friday 1 May Last date for departments to submit output and performance information to Treasury expenditure divisions.

Wednesday 6 May GEP Data Unit circulate draft survey tables showing Survey baseline including new third year (with separately identified running cost baselines and manpower plans), and more detailed PESKEL reports to expenditure divisions and departments. Draft texts explaining changes since White Paper figures circulated.

Friday 8 May Last date for departments to submit running tally forms to amend PES database for 1990-91, and DRC2 forms to provide breakdowns of running cost baselines and manpower plans.

Wednesday 13 May Last date for final comments on departmental tables. Last date for comments on textual explanations of changes since White Paper figures.

Friday 22 May Working document circulated to PESC and Ministers.

Friday 22 May Last date for Ministerial and official letters to the Chief Secretary and expenditure divisions. Last date for DRC3 forms to support each proposed change for running costs and manpower.

Thursday 28 May Last date for information on contingent liabilities to be sent to expenditure divisions.

CONSTRUCTION OF THE BASELINE

1. The starting point for the 1987 Survey will be the cash plans published in Cm56 adjusted for any Budget policy changes and classification changes.

2. For the new third year, 1990-91, baseline figures for programme expenditure and running costs will be calculated by the Treasury by adding 2½ per cent to the cash baseline figure for 1989-90.

3. Manpower plans at 1 April 1988, 1 April 1989 and 1 April 1990 are as published in Cm56 except where subsequently amended by agreement with the Treasury. Baseline manpower plans for 1 April 1991 should be consistent with the baseline figures for running costs calculated as above, having regard to further progress in improving efficiency.

4. The general rule is that the baseline figures to be circulated in this year will not provide for any changes to the figures published in the White Paper. Any changes resulting from reassessment of priorities' should be part of the Survey and not reflected in the baseline. In particular, switches into running costs from other expenditure should not be made (except where already made in Estimates or by prior agreement with the Treasury). This will apply to the three Survey years 1988-89 to 1990-91.

5. However, there may be a case for making some adjustments to the database, in the following categories:

(i) Coding errors that need correcting. For example departments may have identified data that are wrongly coded and need to be corrected by switching money between sub-programmes, economic categories, territorial areas or spending authorities;

(ii) Any minor and non-contentious amendments to figures beyond 1987-88 as a result of the Estimates scrutiny for 1987-88. PESC(WM)(87)3 asked departments to align PES and Estimates for 1987-88. In some, but not all cases changes in 1987-88 might have implications for later years involving switches between sub-programmes, economic categories or spending authorities and these may be reflected in the database. Increases in expenditure (or switches from programme expenditure into running costs) should <u>not</u> be included, even where policy agreements have already been reached as these will be dealt with as part of the Survey itself.

In addition the classification changes required in PESC(WM)(87)3 should also be made.

6. In all cases these adjustments can only be implemented by prior agreement with Treasury expenditure divisions.

7. Running tallies for any agreed changes to the baseline, for all years of the Survey (ie 1982-83 to 1989-90), or forward years as appropriate, should be sent to the Treasury by 9 April. Running tallies for agreed changes to the baseline for 1990-91 should be sent in, after the baseline for that year has been created, by 8 May.

●TPUTS, PERFORMANCE, TARGETS AND VALUE FOR MONEY

The information mentioned in paragraph 9 of the main paper should include so far as possible for each main element of the programme, the following:

(i) the available output and performance measures and indicators for past and current years, for individual programmes, policies or activities;

(ii) forcasts and targets for the Survey years (and beyond) where appropriate;

(iii) unit costs (of inputs and outputs);

(iv) value for money targets - ie targets set specifically to improve efficiency and performance for individual programmes or in particular activities (eg purchasing).

(v) what reviews and scrutinies will be carried out; and

(vi) where work is need to establish new or better measures of output and performance.

2. This information can be collected and presented in various ways and departments may find it helpful to have a preliminary discussion with Treasury expenditure divisions before it is prepared. There is no intention to apply a standard format. Some departments may be able to provide it by summarising material from the management system for their Ministers and senior managers. Where measures or targets have been published in Cm56, these should be rolled forward and the outturn given to compare with published targets. Departments may in addition wish to roll forward measures and targets in other publications, and to add tables of measures and targets which do not appear in the White Paper.

3. Detailed guidance on output and performance measurement, including a glossary of terms, has been circulated in PESC(WM)(87)5.

PREPARATION OF MINISTERIAL AND OFFICIAL LETTERS

Ministerial letters

1. In order to provide the background to subsequent collective decisions, Ministers are asked to write to the Chief Secretary reporting the outcome of their personal scrutiny of priorities within their programmes and, if they consider it necessary, making proposals for net additions to provision or gross running cost baselines or manpower plans. As indicated in paragraph 12 in the main paper, the letters should say why the Minister considers it essential to put forward proposals for net additional resources and why the upward pressures cannot be accommodated through offsets or improved efficiency, and indicate what output and performance would be bought by the proposed additions and the relative priority of the different proposals.

2. Any proposals, including proposed reductions, which have cost implications for other departments should have been discussed with the departments concerned and understandings should have been reached on the responsibility for funding the costs involved. The Ministerial letters should draw attention to the existence of such effects and the details of the agreements reached should be set out in the official letters - see paragraph 9 below.

3. Proposals for changes to nationalised industry expenditure, and local authority relevant current spending should not be covered. Switches out of local authority non-relevant current or capital expenditure should only be proposed, and will only be allowed, where the Treasury is satisfied that explicit policy changes will ensure the relevant reduction (whether resulting from policy or estimating changes).

4. Increases for 1987-88 should not be proposed as part of the Survey exercise - any such proposals will be dealt with as they arise through the year as part of the operational control of the Reserve and in year departmental control of running costs and manpower.

Official letters

5. In order to facilitate the task of bringing the specific information on proposed changes to the baseline together, the Treasury proposes a further refinement to the arrangements in operation last year. Letters at official level should give

details of the improvements in output and performance which would be achieved by any bids put forward. This information should now be provided in tabular form. An example of the desired format, together with some notes on completion, is attached to this Annex. The aim is that these proformas will be used at the basis for the summary of proposed changes to the baseline circulated before the July Cabinet.

6. The letters should also include any further detailed explanation which Departments wish to put forward or which the Treasury may request. For example, the letters should explain more fully how the need for additional provision arises, and whether or not it results from a policy or estimating change. They should also give fuller details of reduced requirements for provision already in the baseline resulting from revised economic or demographic assumptions, or proposed policy changes. In the case of proposed changes to demand led programmes, the Treasury will in due course seek agreement with Departments on an analysis of outturn for the relevant programme for at least the past two years. It is intended that this should contribute to the Treasury's overall assessment of the proposed changes.

7. Capital expenditure proposals and major items of maintenance expenditure of a similar nature ie with benefits running into future years should be supported by a full summary of the information justifying them. This will normally include details in each case of: a clear statement of objectives; the expected return (eg NPV, and/or other measures of net benefit); alternatives considered; the material factors in the proposed decision; the costs of foregoing or postponing the expenditure; and the impact on maintenance or other current expenditure.

8. For all proposed changes to the baseline, the official letters should indicate whether the expenditure is governed by existing legislation or regulations or is within the Government's administrative control.

9. For any proposed change effecting other departments, the letters should set out the details of agreements reached with those departments on the responsibility for funding the costs involved - see paragraph 2 above.

10. Running cost proposals and related manpower changes must be separately identified in all cases, whether or not changes for the baseline provision are proposed. Details of the information required are set out in PESC(WM)(87)6.

11. Paragraph 14 of the main paper, and Annex E, give details of the information on the economic composition spending authority breakdown and territorial consequences of proposed changes to the baseline needed by the Treasury. Copies of the form attached to Annex E should be returned to the Treasury with the official letters.

12. All letters and supporting information (eg DRC3 forms for running costs and manpower) should be sent to the Treasury by 22 May. Ministerial letters should be copied to the Prime Minister, the Lord President and other Ministers in charge of departments who would be affected. Official letters should be sent by the Principal Finance Officer to the appropriate Head of Treasury Expenditure Group (or division in the case of small departments), with copies to other departments affected. All letters should provide an estimate of any impact of the proposals on other Ministers' policies or programmes.

4278/11

1987 SURVEY: PROPOSED CHANGES TO THE BASELINE

DEPARTMENT:

1. PROPOSED INCREASES(1)

	£ million 1988-89	1989-90	1990-91	Output and performance measures and targets for evaluating effects of spending(2)
Description of bid				
TOTAL PROPOSED INCREASES				

2. PROPOSED REDUCTIONS(1)

	1988-89	1989-90	1990-91	Type of reduction(3) Reduced requirement	Policy offset
Description of reduction					
TOTAL PROPOSED INCREASES					

3. RUNNING COSTS AND MANPOWER(4)(5)

	Running costs 1988-89	1989-90	1990-91	Manpower 1.4.88	1.4.89	1.4.90	1.4.91
Running costs:							
- baseline							
- net consequences of proposed changes in (1) and (2) above							
- further proposed change							
TOTAL PROPOSED CHANGE TO GROSS RUNNING COSTS							
Manpower:							
- baseline							
- proposed changes							

NOTES

(1) Please number and list proposed bids and reductions in order of priority.

(2) Please indicate what targets for outputs and performance and/or what other measures will be used to judge the success of the additional spending.

(3) Please indicate the type of reduction here. If a reduced requirement, indicate whether it results from an estimating change, revised economic assumptions, or other change. If a policy offset to one or more of the bids listed above, please indicate which bid or bids by including their numbers in brackets.

(4) Proposals for changes in gross running costs should be shown here. This includes both

(i) the consequences of the proposed bids and reductions listed above, which should be shown as a single total here; and

(ii) any further proposed change in gross running costs.

If a net increase in overall provision in gross running costs is proposed as a result of (ii) above, this should also be listed separately as a bid. Details of the running costs elements of proposed bids and reductions will need to be provided with the supporting official letters on DRC3 forms.

(5) Proposals for changes manpower plans should be shown here, with supporting detail included on the DRC3 forms.

INFORMATION ON ECONOMIC COMPOSITION AND TERRITORIAL CONSEQUENCES

The Treasury needs to collect the following information about proposed changes to the baseline:

(i) departmental running costs: The effects of proposed changes on departmental running costs need to be set out to help monitor the future profile of running costs in total. The figures should be consistent with the detailed breakdowns on forms DRC3 (see PESC(WM)(87)6).

(ii) other economic categories: Attention also needs to be given to other economic categories, as this information is given to the Treasury forecasters to help prepare the forecasts for the July Cabinet and the Autumn Statement.

(iii) spending authority: The spending authority should also be shown in brackets next to the description of the bid, by means of the following abbreviations:

CG: Central Government, excluding finance to public corporations
LA: Local authority (ie capital or other non-relevant current expenditure not covered in E(LA) discussions), excluding finance to public corporations
PC: other public corporations ie excluding nationalised industries

In the case of local authority spending, use (LACap) to indicate capital spending and (LACur) to indicate other current spending.

(iv) territorial consequences: ST3 division in the Treasury, the Scottish and Welsh Offices and the Northern Ireland Departments need to work out the consequences for the territorial blocks of agreed bids and savings.

It would be helpful if departments would provide the basic information needed by completing copies of the form attached to this Annex (one, or more if necessary, for each year of the Survey) and forwarding them to expenditure divisions with their official letter by 22 May. Divisions will check the information, particularly on territorial consequences, consulting ST3 and will forward it to the Secretaries.

17/1679

PLEASE USE A SEPARATE SHEET FOR EACH YEAR

PUBLIC EXPENDITURE SURVEY 1987
LIST OF BIDS, REDUCED REQUIREMENTS AND OFFSETTING SAVINGS

DEPARTMENT:

Name of originator: **Tel No:**

						Economic Categories							Territorial implications(5)	
Bids(1) Reduced Requirements & Offsetting Savings	£m Total cost (3)	Depart-mental Running Costs	Other pay	Other current goods & services (gross of charges)	Fees and charges	Current grants (4)	Current subsidies on goods & services	Capital spending (gross)	Capital receipts	Capital grants	Net lending (by Govt sector)	Wales	Scotland	N.Ireland
Additional bids														
Reduced Requirements														
Offsetting savings														

(1) Please give very brief descriptions so that the editors can cross refer to the Official letters for more information. Downward changes in the estimate of the cost of existing policies should be shown as reduced requirements.

(2) Please list bids and reduced requirements and offsetting savings in the order in which they are covered in the letters.

(3) Total cost of bids/reduced requirements/offsetting savings should be shown here if possible; where the cost is split between economic categories, the broad proportions of the cost should be shown under the appropriate heading in cash.

(4) NB: subsidies aim to reduce prices, grants do not.

(5) Please indicate if possible whether bids/reduced requirements/offsetting savings have territorial implications eg by "yes", "no" or "some".

(6) Please indicate with C or NC beside each item whether the net lending is on commercial terms (C) or not (NC). NC should include both net lending at a subsidised rate and in circumstances where commercial lending would not be forthcoming.

PLEASE CONTINUE ON SEPARATE SHEET IF NECESSARY (spares can be produced by photo copying blanks)

ECON POL: Pub Exp pt 37