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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Malcolm Rifkind QC MP
Secretary of State for Scotland
Scottish Office
Dover House
Whitehall
London
SW1A 2AU

11 June 1990

Dear Secretary of State

PUBLIC EXPENDITURE SURVEY 1990: FORESTRY COMMISSION

Thank you for your letter of ~~21~~ ¹¹ May.

2. You express the hope that it would be possible for us to reach quick decisions on the Forestry Commission programme, so that you might make an early announcement on forestry management grants.

3. However I think it right to let you know now that I see no prospect of an early settlement, given that you are proposing additions to the forestry baseline.

4. In this context, I should make clear that European Community receipts referred to in your letter cannot be scored as an offset to the Forestry Commission's bids, because they go to offset our net contribution to the EC budget. This means that your net bids are £1.4 million in 1991-92, £7.7 million in 1992-93 and £10.8 million in 1993-94, that is, some 12 per cent of the baseline in 1993-94.

5. This is very disappointing, and I am surprised that Forestry colleagues feel able to support these large additions. As I have made clear in Cabinet discussions, there is this year virtually no scope for additions to programmes, and new initiatives must be kept to the minimum and fully offset by baseline reductions.

6. You may wish to re-consider your position in the light of the above, with a view to finding further offsetting savings, and/or dropping some of your bids. The management grants scheme itself is capable of being pared down, and I believe my officials have made some suggestions to yours as to how the cost of the scheme might sensibly be reduced.

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7. Meanwhile our officials can of course begin discussing the details of the programme.

8. I am copying this letter to the Prime Minister, John Gummer, David Hunt and Chris Patten.

Yours sincerely

CEM

NORMAN LAMONT
approved by the Chief Secretary
and signed in his absence

ECON Pa. Public Gas Pk44

