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SCOTTISH OFFICE
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n.b.p.m.
BTP
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The Rt Hon Norman Lamont MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

3 July 1990

Dear Norman,

at last
PUBLIC EXPENDITURE SURVEY 1990: FORESTRY COMMISSION

In my letter of 22 June I stressed the importance of our being able to make an announcement before the Summer Recess on the outcome of the broadleaves review, including our decision to introduce management grants, and indicated that I had asked the Forestry Commission to explore urgently with your officials ways of finding the required savings within the Commission's 1990 PES.

I am pleased to learn that these discussions between officials have resulted in agreement being reached on offsetting savings which will retain the management grants package more or less as I had originally proposed, albeit with a deferment of its introduction by one year from 1 April 1991 to 1 April 1992. The agreed reductions are set out in the table below:

Offsetting Savings

	£ million			
	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>Total</u>
Management grants	0.7	3.0	1.8	5.5
MISC 145	-	3.5	5.1	8.6
FC new planting	-	-	0.7	0.7
FC land acquisitions	-	0.5	1.0	1.5
Private woodland planting grants	<u>1.0</u>	<u>1.2</u>	<u>1.4</u>	<u>3.6</u>
Total savings	1.7	8.2	10.0	19.9
Net requirement	<u>1.4</u>	<u>7.7</u>	<u>10.8</u>	<u>19.9</u>
Difference	<u>+0.3</u>	<u>+0.5</u>	<u>-0.8</u>	<u>-</u>

The effect of these savings on the Commission's PES baseline is as follows:

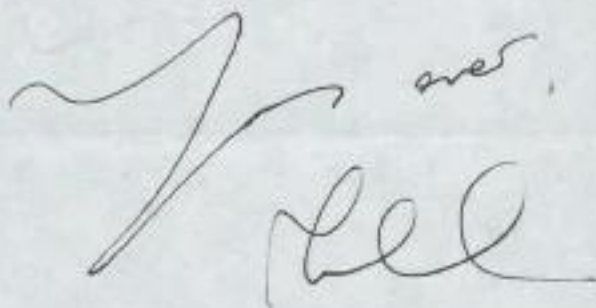
Changes to Baseline

	£ million			
	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>	<u>Total</u>
Present baseline	83.4	87.7	89.9	261.0
Effect of offsetting savings	-0.3	-0.5	+0.8	-
Revised baseline	83.1	87.2	90.7	261.0

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I have cleared the terms of this letter with John Gummer and David Hunt and we hope that you will be able to endorse the savings identified by officials and agree to our making an announcement on the broadleaves review later this month. I shall, of course, agree the wording of that statement with you and Chris Patten beforehand.

I am copying this letter to the Prime Minister and Chris Patten. Copies also go to John Gummer and David Hunt.

A handwritten signature in black ink, appearing to read 'Rifkind', with a large flourish above it. The word 'over' is written in small letters above the signature.

MALCOLM RIFKIND

Even Pol: Public
Expenditure
Fund

