

CONFIDENTIAL



1. ACSA
2. mpw
FROM: MISS M P WALLACE

DATE: 11 April 1988

PS/CHIEF SECRETARY

cc Sir P Middleton
Mr Anson
Mr H Phillips
Mr Hawtin
Mr Turnbull
Mrs Case
Miss Peirson
Mr Gieve
Mr Potter
Mr Fellgett

1989-90 RATE SUPPORT GRANT SETTLEMENT FOR ENGLAND

The Chancellor has seen Mr Phillips' note of 8 April and Mr Fellgett's of 7 April to the Chief Secretary.

2. He feels that it is essential to be as tough as possible on provision. Even though, to a considerable extent, lower provision simply means a higher claim on the Reserve, it does have clear advantages: Mr Ridley will be reasonably sympathetic to squeezing provision; and lower provision means, for any given level of grant, a higher grant percentage, to which Mr Ridley attaches great importance.

mpw.

MOIRA WALLACE

MPW
11/4



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My ref:

Your ref:

The Rt Hon Douglas Hurd CBE MP
Home Office
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LONDON
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CH/EXCHEQUER	
REC.	15 APR 1988
ACTION	CST
COPIES TO	

15/4 April 1988

Dear Douglas

1989/90 RSG SETTLEMENT: OPERATION OF THE EXPENDITURE WORKING GROUPS

Thank you for your letter of 21 March about how we should operate the remit for the Expenditure Working Groups. Kenneth Clarke wrote to me on 21 March, John Moore on 28 March and Peter Walker on 30 March, and Kenneth Baker wrote to you on 17 March.

I am grateful for your agreement that officials should pursue vigorously opportunities for efficiency and other savings. I accept that since you control police establishments one major component of costs is determined by your Department, and hence there may be less scope for the Expenditure Working Groups to identify major savings on this item. But for Police and also Fire, as with all services, there should nevertheless be scope for increased efficiency and reduced costs in the organisation and management of resources. I hope that your officials will press very hard on these points, and if no or insufficient savings emerge that their agreement to the projection will be suitably qualified.

Similarly, I welcome the support of Kenneth Clarke, John Moore and Peter Walker. In particular, I welcome the fact that officials in DES and DHSS have previously taken a firm line on savings and withheld agreement to elements of local authority bids. But I hope that this year colleagues will ask officials to go further and identify the scope for savings in existing arrangements. The Audit Commission has identified scope for potential value improvements totalling many million pounds annually, which could be achieved in a number of service areas. It is not unrealistic to expect these large potential savings to be reflected in the group's projections of expenditure needs.

Copies of this letter go to E(LF) colleagues and to Sir Robin Butler.

Nicholas Ridley

NICHOLAS RIDLEY