

PRIME MINISTER

In this letter, Sir Keith Joseph argues the case for
departments taking responsibility on their own votes for office
rent and maintenance costs.

This is very much in line with Sir Derek Rayner's strong
belief in the need for Ministers to be responsible for the full
cost of the resources they consume. In yesterday's Cabinet
discussion you heard of some of the nonsenses that arise from
the present arrangement - eg Mr. Prior's Department having no
knowledge of the rent on the new building, and Mr. Jenkin's
district offices being unable to get an electric point repaired
because the PSA region had spent its allocation.

May we tell Sir Keith, Mr. Heseltine, and CSD that you
are strongly in favour of further moves in the direction proposed
in this letter?

MAD

Yes no

2 May 1980

*Copy to Mr Priestley
MA 2/10.*



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PS/ *Secretary of State for Industry*

30 April 1980

Tim Lankester Esq
Private Secretary to the Prime Minister
10 Downing Street
LONDON SW1

Dear Tim

My Secretary of State has been thinking about your letter of 31 March to David Edmonds about public expenditure provision for the PSA on new works. He has noted that Mr Channon, Mr Heseltine and Mr Biffen are examining the issue further and will be reporting back in due course.

My Secretary of State hopes that the reconsideration of the issues can take account of what he regards as the unsatisfactory features of the present PSA arrangements. At present responsibility for the construction, leasing and maintenance of office and other accommodation rests with the PSA and is carried out on their vote. Individual Departments, therefore, do not meet the costs of the accommodation they occupy and in many cases are not even aware of the expenditure they incur. There is no incentive for individual Ministers to economise in the use of accommodation.

If, on the other hand, rental and maintenance costs, and possibly construction costs as well, were carried on the votes of individual Departments, there would be a clear incentive for Ministers to economise in the use of office space. A reduction in a Department's expenditure on rent and maintenance would reduce that Department's overall expenditure and might well reduce its claim on the taxpayer.

My Secretary of State has noted that Sir Derek Rayner has proposed ideas on very similar lines in his letter of 22 February to the Home Secretary about the scrutiny of Departmental costs. My Secretary of State realises therefore that Mr Channon, Mr Heseltine and Mr Biffen will be aware of the benefits which might be obtainable by transferring expenditure on rents, maintenance and construction to the votes of individual Departments.

/I ...

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2

I am sending copies of this letter to the private secretaries to members of the Cabinet, including the Minister of Transport, David Wright (Cabinet Office) and David Laughlin (CSD).

Yours ever

Ian Ellison

I K C ELLISON
Private Secretary

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