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HOME OFFICE
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22 February 1982

Dear Tony

SCRUTINY OF DEPARTMENTAL RUNNING COSTS

The Home Secretary was grateful for a copy of the Chief Secretary's minute to the Prime Minister of 1 February.

However, he continues to have doubts about comparing provisional outturn for one year with the budget estimate provision for the following year as a starting point for identifying and securing reductions in administrative and running costs. He therefore welcomes the Chief Secretary's undertaking to consider whether the scrutiny can be made more useful, and will be interested to see what progress can be made with the development of key ratios and performance indicators.

The commentary sent with the Home Secretary's letter of 16 September to Mr Hayhoe sets out the principal considerations affecting the Home Office in the 1981 scrutiny, but there is one further point to which we wish to draw attention, in case anyone seeks to draw conclusions from the comparison of departmental running costs in Annex C to the Chief Secretary's minute. The figures for the Home Office are greatly distorted by the increase in accommodation costs attributed to the department by the PSA. It has always been recognised that the figures for 1981-82 for accommodation costs could not be compared with earlier years because they have been prepared on a different basis. For the Home Office they show an increase of 55% against an average for Departments of 14.7%. Discounting accommodation costs, the difference in gross running costs for the Home Office between 1980-81 and 1981-82 is 13.3% rather than 20.7%.

I am copying this letter to the Private Secretaries to the Prime Minister, the Secretary of State for the Environment and Sir Derek Rayner.

Yours sincerely
Alan Walters

C J WALTERS

T F Mathews, Esq.

2 FEB 1982

