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The Rt Hon Leon Brittan QC MP

Mr Kelly  
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13 July 1982

*Leon Brittan*  
ANNUAL SCRUTINY OF DEPARTMENTAL RUNNING COSTS

I was very interested to see Michael Heseltine's letter of 21 July about the timing of the annual scrutiny. I agree that managers should be allowed to get on with their jobs and with deciding how best to use resources to meet priorities. My concern is with how departments go about allocating these resources.

2. Running costs are a special kind of resource. Often they look small when compared with programme expenditure and departments have tended to forget how much they add up to across government. The only way to get after them is to slog away at the detail, but I doubt whether the Public Expenditure Survey - which, as I understand it, is mainly concerned with broad magnitudes - is the right time to do it.

3. Michael Heseltine is right that Estimates have not so far been effective in controlling running costs. But this is why the annual scrutiny was introduced. I believe that bringing the two together will ensure that running costs get the attention they require at a time when both departments and the centre are in the business of thinking about detail.

4. I think we should also recognise that DOE are already ahead of most other departments in this particular game. The other members of the Working Group wanted the annual scrutiny to be linked to Estimates and in my view, it would be wrong to risk their wholehearted participation by reopening the timing question at this late stage. The essential thing is that we should have a scrutiny of running cost this year. It is now too late to link it to PES so either it must go ahead as part of Estimates or it will not go ahead at all.

5. I am copying this letter to Michael Heseltine.

*Derek Rayner*  
DEREK RAYNER