

Mr Dickason - THANK YOU
 Mr Thomas
 Miss Bowles
 Mr Hill
 Miss Phillips
 Professor Bell
 Mr Capstick
 Mr Hilday
 Mr Jenkins
 From the Minister



Mr Myers
 Mr Packer
 Dr Smeaton
 Mr Westwood
 Mr Madden
 Mr Halls
 Mr Nichol
 Mr Jeffery
 Mr Stapleton - IBAP
 Mr Coates IBAP
 Mr Hodges DAN1
 Mr Hamilton PAFS
 Mr J. I. Davies WONS

FOX 561 D

Ministry of Agriculture, Fisheries and Food
 Mr Cruickshank
 Mr Hepburn
 Mr Jope
 Mr Madden
 Mr Meldrum
 Mr Mordue
 Whitehall Place, London SW1A 2HH

The Right Hon. John Major MP.
 Chief Secretary to the Treasury
 HM Treasury
 Parliament Street
 London SW1P 3AG

June 1989

Dear John,

R57.6. Mr Brown - can I have a personal copy pls, this for you

PES 1989: AGRICULTURE, FISHERIES AND FOOD

I am writing on behalf of the Agriculture Ministers to set out our proposals for expenditure over the three Survey years on the agriculture, fisheries and food programme. Details are set out in the attached commentary and figures are in tables I to III. Output and performance measures are included in the MAFF and IBAP Management Plans, which I shall be sending to you separately. Although the tables follow the traditional split between demand-determined and cash limited expenditure, I have drawn together the commentary on the main items by the key challenges which I have identified.

Most of the expenditure under this programme arises from implementation of the Common Agricultural Policy. At present the forecasts show further small net savings even after allowing for some optimism in later years, but we all know how great are the uncertainties in this area. On the domestic side there are strong pressures on food safety, the environment and flood defence with consequent effects on our manpower requirement: two-thirds of our additional manpower requirement is linked to food hygiene and safety issues.

The total changes are as follows:

	£million		
	1990-91	1991-92	1992-93
Common Agricultural Policy (including IBAP administration)	+3	-55	-35
Domestic agriculture, fisheries and food (including MAFF administration)	+83	+128	+164

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I am copying this letter to the Prime Minister and the Secretaries of State for Wales, Northern Ireland and Scotland. Malcolm Rifkind has written to you separately about the bids on the DAFS programmes.

Yours ever,



John MacGregor

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89/6.5/2.5

III. Maintain standards of animal and plant health

IV. Improve food safety

19. Bids of some £4.4 million in 1990/91 arise from action already agreed to deal with two serious animal health problems, namely bovine spongiform encephalopathy (BSE) and salmonella. For BSE, the objective is to eliminate cases of infection as they occur. The bid covers the cost of slaughtering and disposal of cattle suspected of having BSE, and compensating the owners. The policy was introduced on 8 August last year as recommended by the Southwood Working Party. We have also introduced parallel measures to eliminate the source of infection through controls on feed given to ruminants - the most likely cause - but because of the long incubation period there is unlikely to be any significant decline in the number of cases until 1993.

25. There is an increasing need for Research and Development in these areas. I will be writing to you separately about proposed long term programmes of research into BSE and salmonella, costing £4m over the PES period, which must start this year.

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MAFF ADMINISTRATION

37. I will be sending you separately the Departmental Management Plan for MAFF, which will report on the way in which efficiency savings will be achieved.
38. On running costs the settlement reached in last year's Survey has been overtaken by a number of new developments. My Department is facing an increased workload on many issues, most noticeably on salmonella, BSE and food safety. MAFF has taken a larger than average cut in manpower in recent years and so is not well placed to absorb new work. As explained above, although not affecting my overall PES provision, I have eased the pressure on running costs by converting planned ADAS revenue into running cost cuts. Nevertheless there is a net requirement for more manpower, even after allowing for some absorption of work and efficiency gains. This in turn removes the ability to absorb further pay increases. The general level of pay increases continues to run well above the levels we have previously assumed and we must now try to provide for a realistic level of awards in future years, particularly given the foreseeable results of undertakings on comparability.
39. We shall as I have indicated keep under review the staffing on advice and R&D. Thus although I have already announced a number of post cuts as a consequence of the PES decisions, this may not be all that are needed. I am therefore entering a bid for redundancy costs both for MAFF and the National Institute of Agricultural Botany, although this may well need amendment when the full picture is clear.
40. In reorganising the Civil Estate we have inherited both inadequate provision and a run-down estate. Continued underfunding can only result in further dilapidation ultimately necessitating major capital expenditure. I am submitting a bid which may have to be refined in the course of the Survey as we obtain more information from the Property Services Agency. More information is required from PSA before any attempt can be made to quantify bids on a) the manpower requirements for the re-organisation of the Civil Estate and b) the full effect on rents of the introduction of VAT on non-domestic construction.
41. I am also not yet ready to bid substantively for relocation costs, but my officials are keeping yours in touch with progress.
42. A bid affecting both running costs and administration capital is that on Information Technology. Over the last two or three years we have been trying to increase our investment in information technology (IT) particularly since it offers much assistance towards the achievement of necessary improvements in efficiency. A comprehensive IT Strategy was put in place in 1988. Some additional bids are necessary particularly to allow the incorporation of the ADAS sub-strategy about which I put up a marker with you last year. However, benefits are beginning to flow from implementation of the Strategy and substantial further benefits are in prospect if we can maintain sufficient momentum.
43. The other major element of the capital bid is on Part I building works. Following the taking over of Vote accounting and Project Sponsorship for the Part I building programme, an initial

review of existing accommodation and operational needs was undertaken. The review identified that many of the buildings occupied were unsuitable for current requirements, were old and in poor condition and either failed to meet or came close to non compliance with Statutory provisions. The requirements of HSE and Home Office together with the need to rationalise our accommodation make it essential that a major programme of capital investment be undertaken and commenced urgently if MAFF is to continue to meet its obligations.

44. On revenue I am able to offer increases in receipts on both pesticides and veterinary medicines, as in both areas there is considerable progress towards full cost recovery (other than for policy work).

PRIORITIES

45. I assume that the relatively minor bids for EC funded and demand determined schemes will cause you no difficulty. For MAFF's cash limited programmes I attach most importance to flood defence, research into salmonella and BSE, Nitrate Protection Zones and Publicity. It is not easy to apply priorities to my bids for administration since they cover a wide area but my Principal Finance Officer will be sending to your officials a full explanation of our requirements.

Ministry of Agriculture, Fisheries and Food

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1989 PES-ADDITIONAL BIDS(NET)-DOMESTIC EXPENDITURE
 (*-UK bids)

MAFF ONLY

TABLE 11
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1990-91

1991-92

1992-93

1. EC FUNDED & DEMAND DETERMINED CHANGES (VOTE 3)
 i) Est

e) Calf strangles
 f) BSE
 g) Salmonella
 h) Other animal health

2,377	2,435	2,496
2,050	2,101	2,154
-304	-739	-1,514

2. EC FUNDED & DEMAND DETERMINED TOTAL

2,538	6,829	7,374
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11.

1989 PES-ADDITIONAL BIDS(NET)-DOMESTIC EXPENDITURE-UK

TABLE 111

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1990-91 1991-92 1992-93



FUNDED & DEMAND DETERMINED CHANGES
i) Estimating

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k)BSE	MAFF	2,377	2,435	2,496
l)Salmonella	MAFF	2,050	2,101	2,154
m)Other animal health	MAFF	-304	-739	-1,514
	DAFS	23	25	25
2.EC FUNDED & DEMAND DETERMINED TOTAL		4,836	13,466	11,020

105

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1989 PES-ADDITIONAL BIDS(NET)-DOMESTIC EXPENDITURE-UK

TABLE 711

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		1990-91	1991-92	1992-93
MISSIONED R&D/SPECIAL INVESTIGATIONS	MAFF	- 4,167	4,272	4,408

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107

3