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FCS/89/217

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CHANCELLOR OF THE EXCHEQUER

Report of the Review of Government Valuation Services

1. I have received a copy of your letter of 23 November to Chris Patten. Since this only reached my office on 5 December, I am sorry to have missed your deadline for comment.

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2. I support your proposals, which should strengthen management of the Government's domestic estates. As far as the Diplomatic Estate is concerned, we already have a comprehensive database, and we are exceeding the challenging Value for Money targets for the administration of our overseas estate which have been agreed with the Treasury. The FCO representative on the proposed Working Group will therefore be well placed to help move things forward.

3. I do, however, have some doubts about extending detailed valuation to the overseas estate. Quite apart from the major cost of repeated valuations abroad, I am concerned that volatile property values, changing exchange rates and overseas inflation would render valuations of many of the properties on the estate obsolete before they were completed. Furthermore, since

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many of our most valuable buildings are in practice unsaleable for historical reasons or because they have been given to us on condition that they are used as embassies, valuation would not be of real help in deciding how best to deploy our resources.

4. That said, I am sure that there are realistic and cost effective ways of improving the administration of our estate, and we will participate fully in the further working group proposed in your paper.

5. I am copying this letter to the Prime Minister, Cabinet Members, and to Sir Robin Butler.

D.H.

(DOUGLAS HURD)

Foreign and Commonwealth Office
11 December 1989

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