



Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

PRIME MINISTER

PUBLIC EXPENDITURE 1980-81 :  
DOE AND NORTHERN IRELAND PROGRAMMES

This is to record the outcome of the discussions that MISC 11 held this morning with the Secretaries of State for the Environment and Northern Ireland. We reached agreement with the Secretary of State for the Environment on total reductions in DOE programmes in 1980-81 as follows:-

	£m
Housing	- 1000
PSA	- 54
DOE (Other)	- 225
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Total DOE	- 1279

2. The agreement between us was conditional on:-
- (a) an understanding that these are net reductions and that any additional bids by the Secretary of State must be accommodated within them. The Group were content that the Secretary of State should have discretion over the mix of measures required to achieve the agreed saving within the DOE programme as a whole.
  - (b) A proposal by the Secretary of State that £60 million of housing association investment should be privately financed under Housing Corporation guarantee, following the practice of the previous administration. The previous administration's practice is undesirable in



principle (and has been criticised on that ground by the PAC (Fifth Report, Session 1978-79)) and could in practice cause difficulties with our monetary control. Treasury Ministers will want to discuss with the Secretary of State how the main difficulties can be avoided.

3. The Secretary of State for Northern Ireland argued that, partly because of the unavoidable effect which the £111 million of reductions proposed in the MISC 11 report would have on unemployment and partly because of the difficulty he will have in absorbing certain unforeseen increases in 1980-81 (for example extra support for the shipbuilders Harland and Wolff), he should not be asked for the full amount. But other spending Ministers, including no doubt the Secretaries of State for Scotland and Wales, might make similar cases, and the Secretary of State for Northern Ireland has greater flexibility than other spending Ministers to switch resources within his block of expenditure. The Northern Ireland total is related arithmetically to the totals for GB programmes and the £111 million may change as a result of further decisions. After discussion, the Secretary of State has agreed to reconsider his position when the further decisions have been taken and his share recalculated.

4. I am copying this minute to other members of the Cabinet and to Sir John Hunt.

(Approved by the Chancellor  
of the Exchequer and signed  
in his absence)

*MA Hall*

(G.H.)

20 July, 1979

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