

SECRET



1. TL to see R. 177

2. na

MAD 13/3 27A.

PRIME MINISTER

Copy No. 1 of 25 copies

CASH LIMITS, CIVIL SERVICE PAY AND THE MANPOWER SQUEEZE

I have seen Paul Channon's minute to you of March 11.

I am content with the arrangements he proposes and I attach, for information, the PQ I shall be answering on March 14 giving the factors used in setting the 1980-81 cash limits generally, including civil service pay.

I am copying this letter to other members of the Cabinet, to the Minister of Transport, to Paul Channon and to Sir Robert Armstrong.

WJB

JOHN BIFFEN

12 March 1980

SECRET

S E C R E T

To ask Mr Chancellor of the Exchequer, what provision will be made for cost increases between 1979-80 and 1980-81 in the 1980-81 cash limits on central government and local authority expenditure.

The provision for cost increases between 1979-80 and 1980-81 in the Rate Support Grant cash limit was set out in the Rate Support Grant Main Order (HC280). Other cash limits will provide on current expenditure for 14% increase in prices between the average levels of 1979-80 and 1980-81 and in pay from due settlement dates as a consequence of new pay awards. It has now been decided that this latter provision will also apply to the central Vote for civil service pay increases. For central government and local authority capital expenditure the provision for price increases between 1979-80 and 1980-81 will be:

Construction	
- public sector housing	15.8%
- roads	16.4%
- other	15.5%
Land transactions	15.0%
Other capital expenditure	15.9%

Main Estimates and other cash limits will be published on Budget Day.

S E C R E T

7  
6  
5  
4  
3  
2  
1  
12  
11  
10  
9  
8

8  
7  
6  
5  
4  
3  
2  
1  
12  
11  
10  
9

13 MAR 1980

131

LONDON

11

12

13

14

15

16

17

18

19

20