

CONFIDENTIAL

Ref. A0596

PRIME MINISTER

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Nationalised Industries' Investment and Financing

(C(79) 56)

BACKGROUND

This paper, like the previous item on the Agenda (C(79) 54), is a report back by the Chief Secretary on some bilateral discussions he undertook last month. It was ready last week, but discussion was postponed so that it could be taken at the same time as the report back on the Departmental expenditure bilaterals.

2. The Chief Secretary reports agreement with all the sponsoring Ministers (save for an outstanding point on gas prices, which is to come to E Committee next week). There should thus be no need to discuss the paper, and the Cabinet should be able simply to 'take note'.

3. The figures in the Annex to the paper are those which would be published, either in aggregate, or broken down by industries, in the forthcoming 'later years' Public Expenditure White Paper. They are in 'Survey' prices, and, unlike the figures for 1980-81, do not have to be turned into cash limits this year. (Cabinet has, of course, already settled the cash limits for the industries for 1980-81). They relate only to the net external financing requirements of the industries, and not to their total investment: they are thus necessarily very tentative at this distance.

HANDLING

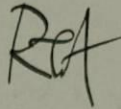
4. I suggest that you invite the Chief Secretary to report, briefly, on his discussions with the sponsor Ministers, and then ask whether any Ministers wish to raise points on this paper. Our information is that there are no outstanding issues left to resolve.

CONCLUSIONS

5. It should therefore be possible for you to sum up that the Cabinet:

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- (i) takes note of the position reached and approves these figures for inclusion in the Public Expenditure White Paper (leaving open, for the moment, the degree of detail to be included there);
- (ii) takes note that the outstanding issue on gas prices will be considered by E next week.



(Robert Armstrong)

7th November, 1979