

CONFIDENTIAL



Prime Minister

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These are the finally agreed figures for the Education and Arts cuts. The National Land Fund (which replenishes the Revenue for pictures etc. accepted in lieu of tax) is controlled by Treasury, but is effectively Arts. So Mr St James has just about met his share. TL

PRIME MINISTER

PUBLIC EXPENDITURE REDUCTIONS 1979-80

At the Cabinet meeting on 31 May, the Secretary of State for Education and Science together with the Chancellor of the Duchy were asked to find savings of £22 million in the education, arts and science budget, to make good the loss of revenue from increased school meal charges, and to agree the savings urgently with me (CC(79)4th Conclusions, Item 5).

5/6

The three of us have now discussed this matter and have agreed that compensating savings could be obtained by further reductions in the grants to universities and colleges, in the building programmes, in the science budget, in expenditure on the arts and libraries, together with a contribution from the National Land Fund and by an increase in fees for overseas students (though not for home students).

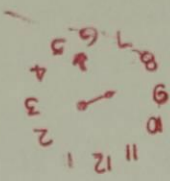
In consequence the total savings of £60 million that are required on programme 10 in 1979-80 will be distributed as follows:-

	<u>£ million</u>
Abandon pilot schemes for 16-18's mandatory grants	10
Reduce educational building programmes	14
Reduce science budget	5
Reduce grants to universities and colleges	9
Raise fees for overseas students (only) by 20 per cent	6½
Miscellaneous (mainly student awards and medical schools)	11
Savings on arts and libraries	3
Reduction in expenditure by <u>National Land Fund</u>	1½
Total	<u>60</u>

I am sending copies of this minute to all members of the Cabinet, to the Minister of Transport and to Sir John Hunt.

WJB

4 June 1979



- 5 JUN 1979

Econ. Policy JS



10 DOWNING STREET

From the Private Secretary

6 June 1979

Dear Minister.

PUBLIC EXPENDITURE REDUCTIONS 1979/80

The Prime Minister was grateful for the Chief Secretary's minute of 4 June on the above subject. She has noted the allocation of the £60 million of total savings that have finally been agreed between the Chief Secretary, the Secretary of State for Education, and the Chancellor of the Duchy of Lancaster.

I am sending copies of this letter to the Private Secretaries to members of the Cabinet, including the Minister of Transport, and to Martin Vile (Cabinet Office).

Handwritten signature

Handwritten signature: T. Lahr.

Alistair Pirie, Esq.,
Chief Secretary's Office.

Handwritten initials: KRA