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This is the  
detailed breakdown  
of the  
expenditure  
nts.

Treasury Chambers, Parliament Street, SW1P 3AG

Tim Lankester Esq  
10 Downing Street  
London SW1

11th June 1979

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11/6

Dear Tim,

EXPENDITURE MEASURES PRESS NOTICE

.... I attach an advance copy of the Press Release giving details of the Expenditure measures agreed for 1979/80.

The Press Notice is of course embargoed until after the Chancellor finishes the Budget Speech tomorrow.

I am copying this letter with attachment to the Private Secretaries of other members of the Cabinet.

Yours sincerely,

Alistair Pirie

A C PIRIE

and

# BUDGET - SECRET

12 June 1979

## EXPENDITURE MEASURES IN THE BUDGET

The following is a list of the specific reductions in 1979-80 referred to in the Budget statement :

| <u>Department</u> (and principal public expenditure programmes affected) | <u>Description</u>   | <u>£ million</u><br>(at 1979 survey prices) |     |
|--|--|---|-----|
| Foreign & Commonwealth Office (Programme 2)                              | Reduction in overseas aid  |   | 50  |
| Department of Industry (Programmes 4 and 5)                              | (i) Four month deferment of payment of approved claims for Regional Development Grant  | 145   |     |
|  | (ii) Reduced provision for new commitments by the department and the National Enterprise Board   | 55  |     |
|  | (iii) Miscellaneous savings by :   |   |     |
|  | Post Office  | 5   |     |
|  | British Aerospace  | 5   | 210 |
| Department of Energy (Programmes 4 & 5)                                  | (i) Reduction in the non-nuclear research and development budget   | 2   |     |
|  | (ii) Reduction in the external financing requirement of  |   |     |
|  | BINOC  | 45  |     |
|  | British Gas  | 171   |     |
|  | National Coal Board  | 23  |     |
|  | Electricity Supply Industry (England & Wales)  | 82  | 323 |
| Department of Trade (Programme 4)  | (i) Abolition of Price Commission, savings on local price surveys, the National Film Finance Corporation, export promotion and tourism | 5   |     |
|  | (ii) The Cooperative Bank agreement to refinance fixed rate export credits currently financed by ECGD                                  | 25  | 30  |

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| <u>Department</u> (and principal public expenditure programmes affected) | <u>Description</u>   | <u>Cut £ million</u><br>(at 1979 survey prices) |     |
|--|--|---|-----|
| Department of Employment<br>(Programme 4)                                | Reducing the Manpower Services Commission's programmes and restricting special employment measures |   | 172 |
| Department of Transport<br>(Programmes 5 & 6)                            | (i) Reduction in British Rail's external financing requirement                                     | 14  |     |
|  | (ii) Reduction in grants for rail freight facilities   | 1   |     |
|  | (iii) Roads construction, maintenance, New Towns roads and amenity works                           | 10  | 25  |
| Department of the Environment<br>(Programmes 7, 8 & 14)                  | (i) Reduction in public sector housing (England)   | 300   |     |
|  | (ii) Savings on community land expenditure   | 50  |     |
|  | (iii) Reduction in urban programme   | 7   |     |
|  | (iv) Capital expenditure of water industry   | 55  |     |
|  | (v) Property Services Agency<br>- reduced expenditure on major new works and purchases             | 10  |     |
|  | - reduction in minor works and purchases of furniture and equipment                                | 10  |     |
|  | - savings in maintenance and running costs   | 5   | 437 |
| Department of Education and Science<br>(Programme 10)                    | (i) Reduction in science budget  | 5   |     |
|  | (ii) Abandonment of pilot scheme for grants to 16-18 year olds                                     |   | 10  |
|  | (iii) Increase in overseas students' fees  | 6   |     |
|  | (iv) Reduction in capital spending   | 14  |     |
|  | (v) Reduction in recurrent grant to Universities and Colleges                                      | 9   |     |
|  | (vi) Miscellaneous savings on education  | 11½   | 55½ |

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| <u>Department (and principal public expenditure programme affected)</u> | <u>Description</u>   | <u>Cut £ million</u><br>(at 1979 survey prices) |
|---|--|---|
| Office of Arts and Libraries (Programme 10)                             | Miscellaneous savings  | 3   |
| HM Treasury (Programme 13)  | Reduced provision for expenditure from the National Land Fund  | 1½  |
| Department of Health & Social Security (Programme 11)                   | Increase in prescription charges to 45p and certain increased dental charges (Great Britain)   | 34  |
| Scottish Office (Various Programmes)                                    | Where the Secretary of State has separate responsibilities within his own area for some of the above programmes comparable reductions to be made | 76  |
| Welsh Office (Various Programmes)                                       | Where the Secretary of State has separate responsibilities within his own area for some of the above programmes comparable reductions to be made | 16  |
| Northern Ireland Office and Department (Programme 15)                   | Where the Secretary of State has separate responsibilities within his own area for some of the above programmes comparable reductions to be made | 35  |
|   | Total reduction in programmes  | <u>1468</u>                                     |

In addition, the contingency reserve is to be cut by £250 million.

PRESS OFFICE

H M TREASURY

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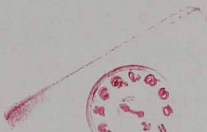
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## NOTES FOR EDITORS

1. In addition to the specific cuts listed in this press notice the budget statement referred to an estimated reduction of £1000m in planned programmes as a result of the cash limits policy announced by the Chancellor of the Exchequer and Minister of State, Civil Service Department, on May 22 and to estimated receipts of £1000 million from disposals of assets during 1979-80.
2. The last complete statement of expenditure plans was published in Cmnd 7439. These cuts are made from the plans as they stood when the Government took Office.
3. 1979 survey prices are in general the prices of autumn 1978 for goods and services. For the external financial requirements of nationalised industries they are average 1978-79 prices. For other transfer payments they are generally an estimated average of 1979-80 prices.
4. Questions on individual items should be addressed to the department concerned.

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