



PRIME MINISTER

PUBLIC EXPENDITURE - NORTHERN IRELAND, SCOTLAND AND WALES;
AND COAL

In the absence of the Chancellor of the Exchequer today, I am reporting the position on the reductions for Northern Ireland, Scotland and Wales following discussion in MISC 11 and elsewhere.

2. The following reductions have been agreed for 1980/81:-

Northern Ireland	-	£90 million
Scotland	-	£256 million
Wales	-	£107 million

3. For Scotland and Wales, these figures represent the appropriate reductions to take account of Cabinet's decisions on other programmes on Monday.

4. For Northern Ireland, the appropriate pro-rata reduction would be £96 million. The Secretary of State for Northern Ireland feels that he cannot agree to this, but is prepared to agree to £90 million (as was mentioned in Cabinet). In the circumstances, the Chancellor and I am prepared to accept this figure. But I must put on record that it is not to be regarded as establishing any principle of allowing more expenditure in Northern Ireland than the normal formula indicates.

S E C R E T

5 As regards coal, I have reached agreement with the Secretary of State for Energy that there should be a reduction of £25 million in the external financing requirements of the National Coal Board.

6. I am copying this minute to other members of the Cabinet, including the Minister of Transport, and to Sir John Hunt.

WJB

JOHN BIFFEN
25 July 1979

S E C R E T