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C(80) 73

COPY NO 56

25 November 1980

CABINET

PUBLIC EXPENDITURE 1982-83 AND 1983-84

Memorandum by the Chief Secretary, Treasury

1. As requested at Cabinet last week, I have now discussed with the Ministers concerned those of the proposals in C(80) 72 Table 3 for 1982-83 and 1983-84 as were not already agreed.
2. *Tables 1 and 2 attached set out policy reductions and increases in progress.*
~~The Table attached sets out the policy reductions~~ now agreed from the figures in the March White Paper revalued, excluding nationalised industries.
3. There are no outstanding issues. I need to draw attention to two points only.
 - i. I have agreed with the Minister of Transport that the reductions in his programme for the later years should be limited to the amounts equivalent to carrying forward the 1 per cent off local authority current spending and 2 per cent off other cash-controlled programmes agreed for 1981-82.
 - ii. The Secretary of State for Scotland was asked to consider whether he could find savings of £20 million in 1982-83 and £30 million in 1983-84, instead of the £10 million additional reduction already agreed for 1981-82, without these reductions becoming publicly evident, when the White Paper is published, as going beyond what would be justified under the standard formula. He has concluded that he sees no way of making these additional reductions in the published figures without this becoming evident. But he has told me that, if it were possible to go beyond the £10 million without compromising the political considerations which Cabinet found persuasive, he would be willing to do so. Accordingly in the next year's Survey he will review his programme figures for 1982-83 and 1983-84, to see whether some way could be found of doing this. I propose therefore that in the coming White Paper only this year's £10 million cut should be carried forward into the next two years and that we return to this question next year.

and Table 2

4. I invite the Cabinet to endorse the figures in Table 1 for spending plans in 1982-83 and 1983-84, for publication in the next public expenditure White Paper.

W J B

Treasury Chambers

25 November 1980

TABLE 1

AGREED POLICY REDUCTIONS FROM CMND 7841 REVALUED

DEPARTMENTS (excluding nationalised industries)	£m late 1979 prices		
	1981-82	1982-83	1983-84
Defence	-200	-200	-200
FCO (Total)	- 21	- 21	- 21
MAFF/DAFS/WOAD	- 35	- 35	- 35
Employment	- 25	- 35	- 35
Transport	- 46	- 31	- 31
DOE (Housing)	- 64	- 90	- 85
DOE (PSA)	- 19	- 15	- 15
DOE (Other)	- 90	- 84	- 79
Home Office	- 40	- 40	- 40
Lord Chancellor's Department	- 2 $\frac{1}{2}$	- 2	- 2
DES (gross)	-176	-211	-191
OAL	- 11	- 11	- 11
DHSS (Health) - lost charges (UK)	+121	+121	+121
- savings (England)	- 25	- 25	- 25
DHSS (PSS)	- 12	- 12	- 12
DHSS (Social security)	-158	-242	-253
Scotland -formula (approx)	- 50	- 55	- 55
- other	- 10	- 10	- 10
Wales - formula (approx)	- 20	- 25	- 25
N. Ireland - formula (approx)	- 15	- 15	- 15
Other Departments (2%)	- 47	- 47	- 47
Other changes	-209	-106	-571
TOTAL AGREED	-1154	-1191	-1637

NOTE

These figures are as agreed. There are differences from those published for 1981-82 on 24 November eg because the local authority current expenditure element was there separated out.

AGREED POLICY INCREASES FROM CMND 7841 REVALUED

DEPARTMENTS (excluding nationalised industries)	<u>£m late 1979 prices</u>		
	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>
Industry, Energy, Trade, Scotland, Wales, N. Ireland			
- industrial support	+ 30	+ 50	+ 50
Employment			
special employment measures (gross addition)	+245	+318	+308
DHSS			
- child benefit uprating (not previously included in programme totals)	+ 75	+250	+360
CSD			
- civil superannuation (accelerated retirement of civil servants)	+ 64	+ 39	+ 47
All Departments			
- changes agreed before July and incorporated in survey baseline	+ 75	+ 67	+ 55
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	+489	+724	+820
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