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Foreign and Commonwealth Office

London S.W.1

31 October 1979

Dear Mike,

Public Expenditure White Paper

With my letter of 29 October I enclosed the text of the press release which we are proposing to issue at the same time as the publication of the White Paper on public expenditure 1980/81. In view of the widespread publicity that is being given to the cuts that the BBC External Services will have to bear and also of the Adjournment Debate in the House of Commons on 2 November, we think it important that the cuts that the FCO will be making are seen in their proper context. Comparisons between our cuts and those in the BBC External Services are certain to be drawn. However, the full extent of our cuts will not be evident until the Lord President's Exercise on Civil Service Manpower has been completed.

FCO Ministers therefore think it important to get on to the record that apart from what is stated in the White Paper about FCO expenditure in 1980/81, the FCO will be facing further substantial cuts in later years as a result of the Lord President's Exercise. Making this clear at the start will help to reduce criticism of the cuts to the BBC External Services, which will not be affected by the Lord President's exercise.

I am enclosing the text of a revised press release in which paragraph 2 has been amended to take account of these points.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Lord President of the Council and the Paymaster General.

Yours etc

Paul Lever
Private Secretary

M Pattison Esq
10 Downing Street



PRESS RELEASE

(following publication of White Paper)

The White Paper on the Government's Expenditure Plans for 1980/81, published today, refers to economies which are to be made by the Foreign and Commonwealth Office. These economies will produce an annual saving in FCO expenditure (excluding that on Aid and related items) of £12 million as follows:

Overseas Representation - £5.8 million

In addition to the closure or pruning of Consular Posts abroad announced on 17 October, about 120 jobs are to be abolished in the FCO. Expenditure on building work and accommodation services overseas will be reduced or rephased. Further substantial savings from the Diplomatic Service are being considered in the context of the Lord President of the Council's exercise to reduce Civil Service manpower.

British Council

The grant-in-aid paid by the FCO to the Council will be reduced by £3 million. In addition the contributions paid to the Council by the Overseas Development Administration will be reduced by £2.2 million.

BBC External Services

The grant-in-aid paid by the FCO to the BBC for the operation of the External Services will be reduced by £2.7 million.

Other Overseas Expenditure

Cuts totalling £500,000 will be made in some miscellaneous items and grants-in-aid to various bodies.

Foreign and Commonwealth Office