

Econ 187.



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The Rt Hon Michael Heseltine MP
 Secretary of State for Environment
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10 June 1980

PSA EXPENDITURE ON NEW WORKS IN 1980/1

I wrote to you on 7 May about work which is necessary in Unemployment Benefit Offices in 1980/1 to make possible the taxing of short-term benefits in 1982.

In that letter I offered to make available savings I had identified of £350,000 towards the cost of the work. I now have to tell you that unfortunately I cannot make them available because under arrangements made some time ago with the Treasury for financing National Dock Labour Board redundancies, a condition about using any savings in the Department if the cost exceeded a particular figure in 1980/1 has now come into operation. The savings are therefore pre-empted for that purpose.

As you know the work in the UBOs is that to which I attach most importance in the list of new work which you find you will have to curtail. Moreover, this work is essential for staff savings to which I am committed. Although I now find that I have to withdraw my offer, I hope that you will be able to finance the the essential items which our officials are identifying.

I am sending copies of this letter to the recipients of your letter of 16 April.

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