



Treasury Chambers, Parliament Street, SW1P 3AG
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PRIME MINISTER

CASH LIMIT FACTORS

Now that we have decided in E Committee that the cash limit factors for the NHS and for other central government Votes should be 6 per cent for pay and 11 per cent for prices, there would be advantage in announcing this to Parliament.

2. It has become the established practice to tell Parliament when a cash limit factor is fixed, and given to some outside body. It would be in accordance with this for there to be some announcement at the time that the Secretary of State for Social Services tell the NHS management side. Since an announcement about the NHS alone would immediately raise questions about the remaining cash limits, principally for the Civil Service, it would seem preferable to make an announcement covering both groups at the same time.

.... 3. Since confirmation of the 6 per cent is what most people are expecting, the announcement is straightforward. A Written Answer to a PQ - probably given by the Chief Secretary - should suffice. I attach a draft. The Leader of the House and the Chief Whip may wish to consider this procedure, in the light of the criticism at the end of the last session of the announcement of the local authority cash limit factors by Treasury Written Answer. Nevertheless the figures now proposed are those which people will have been expecting, and I rather doubt whether the announcement now warrants an oral statement.

/4.



4. If you agree, I will go ahead on the basis of a Written Answer. I will of course agree the timing with the Secretary of State and the Lord President in relation to their negotiations.

5. I am sending copies of this minute to the other Members of the Cabinet, to the Chief Whip and to Sir Robert Armstrong.

Orwiggie
for (G.H.)

13 February 1981

(Approved by the Chancellor & signed in
his absence)

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DRAFT PARLIAMENTARY QUESTION AND WRITTEN REPLY

Q. To ask the Chancellor of the Exchequer whether he will confirm the cash limit factors to be used in calculating the cash limits for the National Health Service and for other central government cash limits?

Draft reply

Yes Sir. As I announced on 24 November last, the cash limits and Votes will allow for expenditure other than pay for an average level of prices in 1981-82 11% higher than the corresponding level in 1980-81. They will allow for increase in earnings of 6% in annual settlements due before 1 August 1981, and also provisionally of the same amount for annual settlements due after that date.

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