



Prime Minister

in the House of Commons

PRIME MINISTER

Mr. Brittan

To note the
consequences for

the p. expenditure

White paper after

ESSP decision.

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ESSP

At Cabinet last week I was invited to consult colleagues on other ways of achieving the manpower and public expenditure savings in 1982-83 originally expected from this scheme.

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2. There is no time now to find and agree such savings and include them in the White Paper to be published on Budget day. It must go to press this week. We shall have to delete the expenditure saving (rounded to £300 million at 1980 survey prices for 1982-83) from the social security programme and from the total. The contingency reserve is not large enough to allow an offsetting reduction in it.

3. The resulting public expenditure path will show a 1.6% drop between 1981-82 and 1982-83, instead of the former 2.1% drop; and a 2.4% drop between 1982-83 and 1983-84, instead of the former 2.1% drop (since we shall obtain the saving in that year.)

4. We shall have to take up the Cabinet remit in the 1981 survey, and this reinforces the sentence in the present draft of the White Paper about the need to review the plans for 1982-83 onwards. (See the first "Main Point" of the White Paper).

5. I am copying this minute to other members of the Cabinet and to Sir Robert Armstrong.

L.B.

LEON BRITTAN
16 February 1981